

DAILY REPORT

CONTENTS

People's Republic of China

Vol I No 204

20 October 1980

INTERNATIONAL AFFAIRS

GENERAL

Various Countries Denounce Vietnam at UN	A 1
Commentary Views Afghan, Kampuchean Crises	A 1
PRC Attends UNCTAD Meeting on Aid to Developing Countries	A 3

UNITED STATES

Beijing Radio Reports Further on Protest to U.S.	B 1
Pan American To Provide Service Between U.S., PRC	B 1
Carter To Pursue Ratification of SALT II Treaty	B 2
Carter Concerned Over Iraq's Military Advances	B 2
Wan Li Meets U.S. Agricultural Statistics Delegation	B 3
Shanghai Deputy Mayor Meets U.S. Cultural Delegation	B 3
Briefs: Former KMT General; U.S. Professor in Sichuan	B 3

SOVIET UNION

XINHUA Reveals Details of 5 Oct Sino-Soviet Incident	C 1
--	-----

NORTHEAST ASIA

Deng Xiaoping Meets Japan-China Economic Delegation	D 1
Zhang Aiping Meets Former Defense Official	D 1
Ni Zhifu Receives Japanese Domei Labor Delegation	D 1
Sichuan's Tan Qilong Meets Japanese Delegation	D 1
Liao Chengzhi Meets Japanese Delegation	D 2
Kim Il-song Receives Romanian Premier Verdet Joint Communique	D 2

SOUTHEAST ASIA & PACIFIC

Premier Zhao Ziyang Holds Talks With Sihanouk	E 1
VODK Reports Kampuchean Guerrilla Attacks	E 1
Vietnam Tightens Control Over Kampuchea	E 1
Beijing Radio Reports on Kampuchea's Political Program	E 1
Thai Premier Tinsulanon To Visit China 26 Oct	E 2
Burmese President Ne Win Departs on Visit to China Arrival in Beijing	E 3
RENMIN RIBAO Editorial	E 3
Gu Mu Meets Australian Wool Corporation Delegation	E 4
Rong Yiren Leads Economic Delegation to Australia	E 4
Australia Withdraws Recognition of Kampuchea	E 4
Vice Premier Fang Yi Meets New Zealand Scientist	E 4

SOUTH ASIA

XINHUA Commentary Scores USSR-Backed Karmal Regime	F 1
Three Soviet Warships Visit Indian Port	F 2
India Offers To Supply Food to USSR	F 2
Huang Hua Hosts Banquet for Maldives Minister of External Affairs	F 2

WESTERN EUROPE

Reportage on French President Giscard's Visit	G 1
Nuclear Power Plant Agreement	G 1
Agreement on Establishing Consulates	G 1
'Open, Friendly' Relations	G 2
Giscard Hosts Banquet	G 2
Sihanouk Meeting, Protest	G 2
Departure for Xian	G 3
Arrival in Xian	G 3
Tibetan Refugee Group's Appeal	G 4
Arrival in Lhasa; Banquet	G 4
PLA Chief Yang Dezhi Meets Giscard's Chief of Staff	G 5
Peng Zhen, Huang Huoqing Meet French Justice Minister	G 5

EASTERN EUROPE

Romanian Party Delegation Arrives in Fuzhou	H 1
RENMIN RIBAO Chief Editor Hosts Banquet for Visiting Romanians	H 1
Romanian Party Leader Receives PRC Delegation	H 1
Peng Chong, Delegation Return From Visit to Yugoslavia	H 1
Ji Pengfei Receives Yugoslav Party, Government Delegation	H 2
Wang Renzhong Meets Yugoslav Writers Delegation in Beijing	H 2

MIDDLE EAST & AFRICA

RENMIN RIBAO Article Reviews Iran-Iraq Conflict [17 Oct]	I 1
--	-----

NATIONAL AFFAIRS

Beijing RIBAO Reports Fire at Ministry Center [AFP]	L 1
Students in Beijing Support Hunan Demonstrators [AFP]	L 1
Zhao Ziyang Talk to Hong Kong Pressmen Reported [YANGCHEN WANBAO 5 Oct]	L 1
Discipline Commission on Inner Party Member Privileges	L 2
Minister Confession, Repayment Vow	L 3
CHINA YOUTH NEWS Reaction [18 Oct]	L 4
Wang Renzhong Addresses National Broadcasting Conference	L 5
XINHUA Report of Speech	L 6
Conference on Television Service	L 6
Radio Commentary on Broadcasting	L 7
Direct County Elections Now in 'Full Swing'	L 8
Media Reports on Activities of PLA Units	L 9
Economist Writes on Need for Market Regulation	L 9
RENMIN RIBAO Editorial Views Economic Integration [18 Oct]	L 10
Radio Continues Lecture on Improving Foreign Trade	L 12
Beijing Radio Reports Article on How To Look at Dazhai	L 13
XINHUA Survey Examines Fuel Conservation Problems	L 15
Suspension of Magazine 'TODAY' Protested [AFP]	L 16
RENMIN RIBAO Commentator on Bureaucracy in Commerce	L 17
Beijing RIBAO Article Calls for Not Telling Lies	L 17
Gu Mu Attends City Planning Work Conference	L 19

REGIONAL AFFAIRS

CENTRAL-SOUTH REGION

'Taiwan' Students Study at Guangzhou's Jinan University	P 1
Health Minister Qian Xinzong Inspects Rural Guangdong	P 1
Hubei First Secretary Meets Shanghai Writers	P 2
Hubei Holds Conference on Year-End Distribution	P 2
Hubei Radio Denounces Misappropriation of Funds	P 3
Changsha Students End Strike Over Election Interference [AFP]	P 4
Mao Zhiyong Addresses Hunan Rural Work Meeting	P 4
Wang Zhiguo's Speech	P 6

HONG KONG COMMUNIST PRESS

Economist Views Economic Reform at Hong Kong Seminar [WEN WEI PO 9 Oct]	U 1
TA KUNG PAO Report [10 Oct]	U 4

VARIOUS COUNTRIES DENOUNCE VIETNAM AT UN

OWI80744 Beijing XINHUA in English 0719 GMT 18 Oct 80

[Text] United Nations, 17 Oct (XINHUA)--Speakers on the third day of the debate on "the situation in Kampuchea" condemned Vietnam's invasion and continued occupation of Kampuchea at today's General Assembly plenary session.

"Vietnam's justification for its armed intervention in Kampuchea is unacceptable to Nepal," said Nepalese representative Uddhav Deo Bhatt. He added, "No excuse on ground of security or other reasons could justify armed aggression on another state."

Representative of Somalia Ahmed Mohamed Adan said that the Heng Samrin regime had been imposed on the Kampuchean people and was kept in power by foreign military intervention. The tragic case of Afghanistan was still fresh in mind. These two instances together represented an "ominous trend in international relations and a dangerous precedent for the security and even existence of small countries." That trend should be brought to a halt before other nations fell victim, he emphasized.

Miljan Kmoatina, representative of Yugoslavia, stated that his country continued to believe that a peaceful political solution could be achieved only on the basis of strict observance of, and respect for the principles of independence, sovereignty, territorial integrity, withdrawal of foreign troops, non-interference in the internal affairs of the Kampuchean people and its right to decide freely its internal system and its foreign policy.

A.F.M. Yusuf, representative of Bangladesh, stressed what Bangladesh wished was the negotiation of a political settlement by which all foreign troops would be withdrawn from Kampuchea and conditions created to enable the people of Kampuchea to decide their own destiny without any external interference.

Tunisian representative Mohamed Lessir said there was one fact that could not be hidden--the brutal military intervention in Kampuchea by a foreign force. He reiterated that Tunisia opposed the use of force in international affairs.

Representative of Haiti Jean Coradin said that the aggressors in Kampuchea had violated all the principles of the Charter, such as non-interference in the affairs of other states and the obligation to settle disputes peacefully.

The General Assembly will resume the debate on the situation in Kampuchea on Tuesday, October 21.

COMMENTARY VIEWS AFGHAN, KAMPUCHEAN CRISES

OWI91646 Beijing XINHUA in English 1623 GMT 19 Oct 80

[Commentary by XINHUA correspondent Yu Minsheng: Political Solution and Withdrawal of Foreign Troops"--XINHUA headline]

[Text] United Nations, 18 Oct (XINHUA)--An outstanding issue, the relationship between a political solution and withdrawal of foreign troops, has emerged during the general debate and a review of the situation in Kampuchea at the 35th UN General Assembly session.

There are two opposing attitudes toward the issue: On the one hand, there are the Soviet Union, Vietnam and few other supporters who made empty talks about a political solution, while refusing to withdraw their troops. On the other hand, there are the five ASEAN countries, the majority of the Third World countries and Western nations which insisted that the Soviet Union and Vietnam should first withdraw their troops from Afghanistan and Kampuchea as a pre-condition to any political solution of those issues.

Ever since the opening of the current UN General Assembly session, a bitter struggle over the principled issue of defending or opposing aggression has flared up between the two opposing forces.

It may be recalled that separate resolutions calling for the withdrawal of the Vietnamese troops from Kampuchea and Soviet troops from Afghanistan were adopted by an overwhelming majority at the 34th UN General Assembly session last year and the special UN session earlier this year. However, openly ignoring the UN resolutions, both the global and regional hegemonists have continued their occupation of Afghan and Kampuchean territories, posing a serious threat to peace in Asia and the world at large.

The Soviet Union and Vietnam have made the least change of their stand for aggression at the current UN General Assembly session. Soviet Foreign Minister Andrey A. Gromyko quibbled that "the USSR will withdraw it (the Soviet military contingent) by agreement with the Government of Afghanistan as soon as the reasons for which the introduction of such a contingent became necessary are removed, but not before." One of the Soviet-fabricated "reasons" for sending its military contingent to Afghanistan was the so-called "outside incursions." But, it is a well-known fact that "the outside incursions" were made by none other than the Soviet Union itself. At the same time, the Soviet Union has instructed the Afghan authorities to put forward a so-called "seven-point proposal," which calls for a "political solution" through bilateral talks between the Kabul regime and some of its neighbours. This is Moscow's wishful thinking.

The Soviet Union hopes that by so doing, it can obtain an international recognition of the puppet regime in Kabul while evading the vital issue of Soviet armed invasion of Afghanistan as if it were only a problem concerning Afghanistan's relations with its neighbouring countries.

Nguyen Co Thach's performance at the United Nations was just as ugly as that of Andrey Gromyko. Nguyen said that his country has sent troops to Kampuchea to ward off "Chinese threats" and that the Vietnamese forces will leave Kampuchea only when "the Chinese threats to Kampuchea and Vietnam" no longer exist.

But the allegation about "Chinese threats" is a monstrous lie. As is known to all, China does not have a single soldier in Kampuchea. Where, then, come the "Chinese threats?"

While refusing to withdraw its troops from Kampuchea, Hanoi has advocated the establishment of a demilitarized zone on the Thai-Kampuchean border and urged Thailand to hold negotiations on the matter with the Heng Samrin regime through the good offices of the UN secretary-general.

This is a design aimed at obtaining recognition by the ASEAN and other countries of the fait accompli created by the Vietnamese aggression, a recognition of the Phnom-Penh puppet regime backed by the 200,000 Vietnamese troops, and diverting the attention of the world people away from the Kampuchean question and its root cause--Vietnamese aggression.

Most of the member-states of the United Nations have stressed that the immediate withdrawal of troops by the Soviet Union and Vietnam is a primary prerequisite for the political solution of the question.

A draft resolution on Kampuchea sponsored by 29 countries, including the ASEAN members, at the current session of the UN General Assembly calls for the convocation of an international conference on Kampuchea early in 1981 to find a comprehensive political settlement of the Kampuchean question. It contains a demand for the total withdrawal of foreign troops from Kampuchea within a specific time-frame to be verified by the United Nations.

Speaking at the session, the representative of the nine EEC countries called for a political solution to the Afghanistan and Kampuchea questions. But he stressed that the withdrawal of all foreign troops from the two countries is an indispensable condition for such a solution.

The Chinese delegation to the session declared explicitly that the first of the three basic principles that must be followed in solving the two questions is the immediate and unconditional withdrawal by foreign aggressors of all their troops from Afghanistan and Kampuchea.

It is obvious that troop withdrawal should be a prerequisite for the political settlement of the Afghanistan and Kampuchea issues, because only through foreign troops withdrawal, which means an end to armed occupation by foreign countries, can the Afghan and Kampuchean peoples become free to decide their own destinies without any outside interference and tension in Asia and the world be reduced. It is nothing but a trick of the aggressors to talk glibly about political settlement while refusing to withdraw their troops.

At the current UN General Assembly session, many countries have openly and understandably stood for a political settlement of the Afghanistan and Kampuchea issues with a view to relaxing international tension. But the Soviet Union and Vietnam have taken over the call for political settlement and are pressing the international community to acknowledge the fait accompli created by their aggression as the basis for the political settlement. Moreover, they are trying to turn political talks into an endless quarrel so as to gain time for intensifying their military action to put down the people's resistance and stabilize the puppet regime. All this calls for high vigilance.

PRC ATTENDS UNCTAD MEETING ON AID TO DEVELOPING NATIONS

OW180254 Beijing XINHUA in English 0244 GMT 18 Oct 80

[Text] Geneva, 17 Oct (XINHUA)--There will be no growth at all in per capita gross domestic product of the world's 30 least developed countries, many in Africa and some in Asia. The value of their exports declined by some 26 percent between 1970 and 1979.

These facts were highlighted at the meeting of the preparatory committee of the United Nations Conference on the Least Developed Countries which ended here today. Convened under the auspices of the United Nations Conference on trade and development (UNCTAD) on October 9, the meeting stressed the pressing need for assistance to these countries.

Hans E. Kastoft (Denmark), chairman of the preparatory committee, said he had perceived growing realization of the need to undertake special measures, both short-term and long-term, in favor of this particular group of countries.

The UNCTAD 5th conference in Manila last year in a resolution called for an immediate action programme for the period 1979-1981 and a substantial new programme of action for the entire decade of the 1980's to deal boldly with the structural problems of economic stagnation and even the decline that have afflicted the least developed countries in the 1970s. The purpose of the UN Conference on the Least Developed Countries is to finalize, adopt and support the substantial new programme of action.

The meeting was attended by representatives from over 100 countries including China. It recommended today that the conference be held in Paris next September.

BELJING RADIO REPORTS FURTHER ON PROTEST TO U.S.

OW191317 Beijing Domestic Service in Mandarin 1100 GMT 18 Oct 80

[*"Forum on International Affairs" report*]

[Text] Vice Minister Zhang Wenjin of the Chinese Foreign Ministry on the afternoon of 15 October summoned U.S. Ambassador to China Woodcock and formally handed to the U.S. side a protest note from the Chinese Foreign Ministry against the U.S. Government's support of the agreement signed between two unofficial organizations of the United States and Taiwan, under which the two organizations and their staffs shall enjoy diplomatic privileges and immunities.

The American Institute in Taiwan and the Taiwan Coordination Council for North American Affairs in the U.S. signed an agreement in Washington 2 October, granting diplomatic privileges and immunities to the two organizations and their staffs. This agreement has received the U.S. Government's support. With regard to the Chinese side's comments on this incident, a spokesman for the U.S. State Department on 6 October refused to accept the condemnation lodged by the Chinese side. He also declared that this was a minor issue which does not run counter to the spirit of the communique on the establishment of Sino-U.S. diplomatic relations. The U.S. Government's ignorance of the norms of international law and its violation of the principle of the establishment of Sino-U.S. diplomatic relations cannot but arouse strong indignation on the part of the Chinese people.

The United States recognizes only one China and Taiwan is a part of China--this is an important principle governing the normalization of relations between China and the United States. The American Institute in Taiwan and the Taiwan Coordination Council for North American Affairs in the U.S. are only unofficial organizations which were established after diplomatic relations were established between China and the United States. Diplomatic privileges and immunities can only be enjoyed by the official organizations and representatives between the governments of two countries. Therefore, the agreement signed by the unofficial U.S. and Taiwan organizations, which gives diplomatic privileges and immunities to their staffs, has made the two organizations official. This thus violated the norms of international law and is divorced from the principle of the establishment of diplomatic relations between China and the United States.

Sino-U.S. relations have become normal after going through a tortuous road over 30 years. Thanks to efforts by both sides, such relations have been developed with good results in recent years. The Chinese people cherish the friendly relations between China and the United States. However, the Chinese people will never tolerate any part of the United States practicing "two China" activities at the expense of principle. The U.S. Government's support for turning U.S.-Taiwan relations official will undoubtedly create a harmful impact on the continuous development of Sino-U.S. relations.

PAN AMERICAN TO PROVIDE SERVICE BETWEEN U.S., PRC

OW180715 Beijing XINHUA in English 0701 GMT 18 Oct 80

[Text] Washington, 17 Oct (XINHUA)--The Pan American Airways has been chosen as the first U.S. airline to provide air services between the United States of America and the People's Republic of China, announced the U.S. Civil Aeronautics Board here today.

The decision was made after an oral argument among the representatives of the five major U.S. airlines--United Airlines, Pan American World Airways, Transworld Airlines, Northwest Airlines, and Transamerica airlines. They all made strong presentations for their respective airlines vying for the privilege.

The U.S. Civil Aeronautics Board announced the decision today in line with a civil air transport agreement between China and the U.S. signed here on September 17 which stipulates that each party has the right to designate one airline to operate the agreed route, and a second airline may be designated by either party two years after airline service begins.

To implement the civil air transport agreement, the U.S. State Department issued a statement on the day the agreement was signed, reaffirming "the Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is a part of China."

Noting that under the Sino-U.S. civil air transport agreement, "air services will be provided on the Chinese side by China's national carrier, the Civil Aviation Administration of China (CAAC), those aircraft will bear the national flag of the People's Republic of China," the statement declared that "'China Airlines' (Taiwan) continues to provide service between the United States and Taiwan, under a non-governmental arrangement between two private entities, the American Institute in Taiwan and the Coordination Council for North American Affairs. The United States does not recognize the flag of Taiwan as the flag of a sovereign state, but regards it as an insignia or marking identifying an aircraft as coming from Taiwan."

CARTER TO PURSUE RATIFICATION OF SALT II TREATY

OW200850 Beijing XINHUA in English 0825 GMT 20 Oct 80

[Text] Washington, 19 Oct (XINHUA)--U.S. President Jimmy Carter said here today that "we face a potential adversary, the Soviet Union" whose "long-term challenge demands a steady, resolute response."

In a radio broadcast today he said, "We see a large buildup of Soviet military forces; we see the arming and use of client states such as Cuba; and we see the brutal Soviet invasion of Afghanistan." But he indicated that he would ask the Senate to go ahead with the ratification of the SALT II treaty even though invading Soviet troops have not been withdrawn from Afghanistan. He called the treaty a "secret weapon" which, he believed, could reduce Soviet nuclear armaments.

Asked by an AP correspondent if he would ask the Senate to go ahead with ratification now even if the Russians remain in Afghanistan, he answered, "that's correct." "We will continue our economic and political pressure on the Soviet Union to withdraw from Afghanistan, but as a separate commitment we will also proceed with the ratification of SALT II," he added. It may be recalled that ten months ago, after the Soviet invasion of Afghanistan, Carter sought a postponement of Senate action to ratify the treaty signed by the U.S. and the Soviet Union in June last year.

SALT II has been a subject of sharp controversy in the U.S. and in the Senate in particular as many senators regarded it as a treaty which favored the Soviet Union. It has also become one of the targets of attack by Republican presidential candidate Ronald Reagan who has repeatedly said that the treaty was "fatally flawed" and that he, if elected, would withdraw it from the Senate and then negotiate a new one.

CARTER CONCERNED OVER IRAQ'S MILITARY ADVANCES

OW191524 Beijing XINHUA in English 1509 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--U.S. President Jimmy Carter reaffirmed in a press interview yesterday that the United States remains neutral in the conflict between Iran and Iraq, according to AP and UPI reports from Washington.

"We're not taking any sides in it," he said.

The U.S. President said that Iraq has pushed into Iranian territory and "we would like to see any invading forces withdrawn."

"It is obvious to me," Carter said, "that the dismemberment of Iran or the carving out of a part of Iran to be separated from the rest would not be in our interest, and in any case in the world, an invasion or an aggression is something that we would condemn."

Carter said, "At this moment, Iraq military forces are beyond the ultimate goal expressed by the leader of Iraq, Saddam Husayn, and I think that it is a matter of concern for us."

WAN LI MEETS U.S. AGRICULTURAL STATISTICS DELEGATION

OW161703 Beijing XINHUA in English 1516 GMT 16 Oct 80

[Text] Beijing, 16 Oct (XINHUA)--Vice-Premier Wan Li met here today with an agricultural economics and statistics delegation from the United States led by Howard W. Hjort, director of economics, policy analysis and budget of the U.S. Department of Agriculture.

SHANGHAI DEPUTY MAYOR MEETS U.S. CULTURAL DELEGATION

OW180151 Shanghai City Service in Mandarin 2300 GMT 16 Oct 80

[Text] Yang Kai, deputy mayor of Shanghai Municipality, met with the U.S. cultural delegation led by John E. Reinhardt, director of the International Communications Agency, on the evening of 16 October.

BRIEFS

FORMER KMT GENERAL--On 10 October evening, Shanghai Vice Mayor Zhao Xingzhi and his wife met with and feted General (Tsai Wen-Chih) and his wife (Wu Pei-Ching). (Tsai) was a member and chief of staff of the Kuomintang delegation at the former military mediation executive commission. He is now a U.S. citizen. [Shanghai City Service in Mandarin 2300 GMT 10 Oct 80 OW]

U.S. PROFESSOR IN SICHUAN--Yang Chao, secretary of the Sichuan provincial CCP Committee, feted renowned American Chinese physics professor Ren Zigong and his wife on the evening of 29 September. Professor Ren Zigong was invited by the Chinese Academy of Sciences and the Chengdu Science and Technology University to lectures in Chengdu. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 30 Sep 80 HK]

XINHUA REVEALS DETAILS OF 5 OCT SINO-SOVIET INCIDENT

OW171917 Beijing XINHUA in English 1855 GMT 17 Oct 80

[*"Truth About Bloodshed at Sino-Soviet Border"--XINHUA headline*]

[Text] Beijing, 17 Oct (XINHUA)--Earlier this month the Chinese Foreign Ministry lodged a strong protest with the Soviet Embassy against a bloody incident created by the Soviet side. But the Soviet side in turn accused the Chinese side of "making provocations" along the border. What actually happened at the border?

XINHUA has learned that around 8 a.m. on October 5, 1980, two motorboats, dispatched by the Soviet authorities, with seven or eight armed personnel on board, sped southward in the Sino-Soviet border River Ergune. When they approached Jilalin pasture, Ergune Youqi, Inner Mongolian Autonomous Region of China, one of the motorboats stopped at the Soviet bank of the river as a support; the other, with four armed men, crossed the border river and intruded into the Chinese side. Then the Soviet armed personnel, carrying rifles, went ashore and intruded into China's Jilalin pasture. At about 8:30 a.m., they tried to kidnap a Chinese herdsman, Li Zhong, who was working on the pasture. Li Zhong, resisting the attempt, shouted for help. The Soviet armed personnel then opened fire and shot him dead with two bullets. Hearing the shots, some Chinese frontier guards rushed to the scene. The Soviets again fired at the Chinese guards, who shot back in self-defence and killed a Soviet culprit inside the Chinese frontier, 18 metres from the bank of the River Ergune. The three other intruders hurried to their boat and fled back to the Soviet side in panic, leaving behind on Chinese territory a Soviet-made pocket recorder, 5.45-mm automatic rifle cartridge shells, a dagger and some other things, in addition to the body of the killed Soviet intruder. Out of humanitarianism, the Chinese side returned the body to the Soviet side on October 8 through the frontier stations.

As is known to all, the Soviet authorities have created a number of premeditated bloody incidents along the Sino-Soviet border and in the wake of each case, they play the old trick of distorting the facts, and accusing and blaming the Chinese side. And this time, they did just the same.

It was the Soviet authorities that sent four armed men to intrude into China's Jilalin pasture, but a note of the Soviet Foreign Ministry to the Chinese Embassy claimed: "Three Soviet unarmed civilians were fishing, during their rest, in a boat on the Argun River, near the village of Argunsk in the Ner-Zavodsky district of the Chita region."

It was the Soviet armed personnel who tried to kidnap and killed Chinese herdsman Li Zhong, and one of the killers was shot dead inside the Chinese frontier; however, the Soviet note twisted the fact that Li Zhong was killed by them and alleged, "one of the Soviet citizens was killed in the incident and fell out of the boat, and his body was captured by the Chinese troops."

It was the Soviet authorities that created premeditatedly tension in the border region, bidding to gain something ulterior from the incident; but the Soviet note made unfounded counter-charges, saying "the Chinese side can have the only and unseemly goal" to make "the provocation on the Soviet-Chinese border." However, the irrefutable facts and evidence cannot be covered up by Moscow's lies and sophistry. The Soviet authorities cannot shirk their responsibilities for the bloody incident.

On October 6, the Chinese Foreign Ministry lodged a strong protest with the Soviet Embassy in Beijing against the Soviet-provoked incident and demanded that the Soviet authorities punish the culprits and stop all armed provocations.

I. 20 Oct 80

PRC INTERNATIONAL AFFAIRS D1
NORTHEAST ASIA

DENG XIAOPING MEETS JAPAN-CHINA ECONOMIC DELEGATION

OW200842 Beijing XINHUA in English 0743 GMT 20 Oct 80

[Text] Beijing, 20 Oct (XINHUA)--Deng Xiaoping, vice-chairman of the Central Committee of the Chinese Communist Party, today met with an economic delegation for Japan-China friendship led by Kenjiro Mitsuoka, leader of Japan's "Forum on Chinese Politics and Economics."

In a cordial conversation, Deng Xiaoping said to the influential visitors from Japanese economic circles that China and Japan need to live in friendship and that they both want peace.

In the course of its modernization, he said, China will cooperate with economic, commercial and financial circles in various countries and in this respect Japan, as China's close neighbor, can make greater contributions than others.

"Economic cooperation between China and Japan will certainly grow," Deng Xiaoping said. "But we need to sum up experience continuously and take into consideration not only economic interests but political interests as well." He thanked the Japanese visitors for the useful proposals they had raised for China's modernization program.

ZHANG AIPING MEETS FORMER DEFENSE OFFICIAL

OW180812 Beijing XINHUA in English 0806 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--Vice-Premier Zhang Aiping today met with Hiroomi Kurisu, former chairman of the joint staff council of the self-defence forces of Japan, and Mrs Kurisu. They had a friendly conversation.

NI ZHIFU RECEIVES JAPANESE DOMEI LABOR DELEGATION

OW170156 Beijing XINHUA in English 1524 GMT 16 Oct 80

[Text] Beijing, 16 Oct (XINHUA)--President of the All-China Federation of Trade Unions Ni Zhifu met here this evening with a delegation from the Japanese Confederation of Labour (Domei) led by the confederation's Chairman Tadanobu Usami. They had a cordial conversation.

This is the first delegation to China sent by the confederation which is the second biggest trade union organization in Japan.

During their stay here, the Japanese guests will discuss the establishment of relations with the All-China Federation of Trade Unions and acquaint themselves with the current situation in China. They will also exchange views with their Chinese counterparts on issues of common concern. After the meeting, President Ni Zhifu gave a dinner in honour of the Japanese delegation. The delegation arrived in Beijing yesterday.

SICHUAN'S TAN QILONG MEETS JAPANESE DELEGATION

HK190702 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 18 Oct 80

[Summary] A Japanese delegation consisting mainly of senior management personnel of large enterprises arrived in Chengdu by plane from Beijing on 15 October. The delegation was invited by the Chinese Social Science Academy. Comrade Tan Qilong received the delegation in the Jinjiang guesthouse on 18 October and chatted with them on questions of economic reform in Sichuan. Also present was vice governor He Haoju. The delegation left Chengdu by train for Chongqing in the evening of the same day.

LIAO CHENGZHI MEETS JAPANESE DELEGATION

OW191654 Beijing XINHUA in English 1642 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--Liao Chengzhi, vice-chairman of the Standing Committee of the National People's Congress and president of the China-Japan Friendship Association, today met with Yanosuke Narazaki, secretary-general of the Social Democratic Federation of Japan. Liao Chengzhi had a cordial talk with the Japanese guests and had breakfast together.

KIM IL-SONG RECEIVES ROMANIAN PREMIER VERDET

OW181528 Beijing XINHUA in English 1516 GMT 18 Oct 80

[Text] Pyongyang, 18 Oct (XINHUA)--Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, yesterday received visiting Romanian Premier Ilie Verdet and his party, according to KCNA. Verdet delivered to Kim Il-song a message of greetings and gifts from Ceausescu to congratulate him on his reelection as the general secretary of the Korean party.

Verdet arrived here on October 8 at the head of the Romanian Communist Party delegation to attend the sixth congress and the celebrations of the 35th anniversary of the founding of the Korean party. He started an official and friendly visit in Korea following the celebrations. During the visit, talks were held between the Romanian premier and his Korean counterpart Yi Chong-ok, and a protocol was signed yesterday on broadening and promoting economic cooperation and goods exchanges between Korea and Romania. Verdet left here for home yesterday.

Joint Communique

OW191528 Beijing XINHUA in English 1512 GMT 19 Oct 80

[Text] Pyongyang, 19 Oct (XINHUA)--A communique on the visit of the Romanian Prime Minister Ilie Verdet to the Democratic People's Republic of Korea (DPRK) said the two sides "reaffirmed support to and solidarity with the peoples fighting against aggression and for the establishment of solid international relations on the principles of complete equality, national independence, respect for sovereignty, non-interference in other's internal affairs, non-use of arms and mutual benefits," according to KCNA report.

The Romanian prime minister paid an official goodwill visit to DPRK from October 15 to 17 on the invitation of Yi Chong-ok, premier of the Administration Council of the Democratic People's Republic of Korea.

The communique said, "The two sides laid stress on the necessity of taking effective measures to realise the universal disarmament including nuclear weapons, dissolve all military blocs, withdraw aggressive military bases and foreign troops from other countries, achieve world peace and security, destroy the old international economic order and establish a new one."

It said: "The prime minister of the Government of the Romanian Socialist Republic opposed the 'two Koreas' plot and demanded the withdrawal of all foreign troops from South Korea and reaffirmed socialist Romania's full support to and solidarity with the struggle of the Government of the Democratic People's Republic of Korea and the Korean people to realize the reunification of the country independently and peacefully on a democratic principle and expressed the belief that the realisation of the cause of Korean reunification would contribute to world peace and security."

According to the communique, the two countries pledged to strengthen cooperation in economic, cultural and educational fields.

PREMIER ZHAO ZIYANG HOLDS TALKS WITH SIHANOUK

OW191618 Beijing XINHUA in English 1614 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--Premier Zhao Ziyang met and had a friendly conversation with Samdech Norodom Sihanouk and Madame Sihanouk here tonight after which a dinner in their honour was given by the premier. Also present were Chinese Vice-Minister of Foreign Affairs Han Nianlong and his wife.

VODK REPORTS KAMPUCHEAN GUERRILLA ATTACKS

OW190713 Beijing XINHUA in English 0706 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--Kampuchean guerrillas mounted an attack on a Vietnamese Army post on a railway in Koas Krala district, east of Battambang City on October 10, according to Radio Democratic Kampuchea today. They killed or wounded 20 Vietnamese soldiers and dismantled 25 metres of the railway, disrupting railway traffic from Battambang to Pursat City.

In a 15-minute attack on the same evening, guerrillas of Kampot Province destroyed two Vietnamese strong points and wiped out 35 enemy troops near the town of Chhouk district. They captured weapons, ammunition and relief supplies. Kampuchean guerrillas in Koh Kong Province attacked on October 15 the Poi Cham Yiem strong point north of the city of Koh Kong, which was guarded by a Vietnamese company. After 15 minutes of fighting, the post was taken and 26 Vietnamese troops were put out of action.

VIETNAM TIGHTENS CONTROL OVER KAMPUCHEANS

OW190726 Beijing XINHUA in English 0716 GMT 19 Oct 80

[Text] Bangkok, 19 Oct (XINHUA)--Oppression of the Kampuchean people is being intensified as Vietnam and the Heng Samrin regime it installed are stepping up their war effort, according to reports reaching here from the Thai-Kampuchean border areas. One report said that large numbers of civilians were forced to construct a strategic highway in Oddor Meanchey Province to expedite the transport of arms and troop movements.

The movements of the villagers are under tighter control. People who want to stay away from home overnight are required to report to the village office. They are not allowed to stay away for more than four days. People are also not permitted to tune in radio broadcasts other than that of the Heng Samrin regime. All school children are required to learn the Vietnamese language.

BEIJING RADIO REPORTS ON KAMPUCHEA'S POLITICAL PROGRAM

OW181059 Beijing Domestic Service in Mandarin 1100 GMT 17 Oct 80

["Forum on International Affairs" report: "The Power of the Political Program of the Kampuchean Patriotic, Democratic and National United Front"]

[Excerpts] In September 1979, Democratic Kampuchea promulgated a "draft political program of the Kampuchean patriotic, democratic and national united front," advocating union with all patriotic and democratic forces at home and abroad to form an extensive national front to resolutely fight against the Vietnamese aggressors and drive them out of the Kampuchean soil, steadfastly overthrow the puppet Heng Samrin, propped up by the Vietnamese aggressors, and build an independent, unified, democratic, peaceful and nonaligned Kampuchea.

A year has now elapsed, and the people have been very much concerned with the actual condition of the implementation of the political program over the past year. Chairman of the State Presidium of Democratic Kampuchea and Premier of the Government Khieu Samphan said to a reporter of this station: All the counties, villages and hamlets in the country have now established front organizations and are uniting with people throughout the country to carry out the struggle. Our front includes people in all localities, and it also includes members of the self-defense group set up by Vietnam and the puppet regime propped up by Vietnam, as well as the puppet troops armed by Vietnam who crossed over to our side. We are now striving to continuously consolidate and expand the patriotic, democratic and national united front to make it more extensive. Regardless of what type of forces they are, we will earnestly unite with them if only they are patriotic to the country and resistant to Vietnam.

To implement the aim of the program of the front, the Democratic Kampuchean Government has extensively organized cadres at all levels of the central and local authorities to conscientiously study the program of the front and has sent large numbers of armed propaganda groups deep into the enemy-occupied areas to carry out propaganda to the masses of people.

A propaganda group leader by the name of (Qi) said to a reporter of this station: After the masses understood the aim of the program of the national united front, one after another they expressed the opinion that, regardless of what mistakes Democratic Kampuchea made in the past, the people will provide it with full support if only it resolutely leads the people in attacking the Vietnamese aggressors. With the help and protection of the masses of people, Democratic Kampuchea's nationalist army and local army units now not only can freely enter and leave the enemy-occupied areas but also constantly control the initiative in attacking the aggressors in these areas.

The political program of the patriotic, democratic and national united front has not only brought into play its tremendous power in mobilizing the broad masses to rise up and attack the Vietnamese aggressors but also attracted more and more patriotic intellectuals. Some prestigious patriotic intellectuals have taken up important posts in the government and the front. Thiounn Thioum, who currently holds the post of Democratic Kampuchean Government's minister of economy and finance, stood on the side of the Lon Nol government during the country's liberation war. However, after Vietnam intruded into Kampuchea, adhering to national integrity and stressing national interests, he resolutely joined the national united front against Vietnam.

All the armed propaganda group members working behind enemy lines, the people who escaped from enemy-occupied areas and the puppet Heng Samrin troops and the self-defense group members whom the reporter interviewed in various localities of Kampuchea told us that the political program of the patriotic, democratic and national united front has aroused tremendous echoes among the people of all circles in the enemy-occupied areas and that an extensive national united front has been formed and is being continuously consolidated and expanded.

THAI PREMIER TINSULANON TO VISIT CHINA 26 OCT

OW191253 Hong Kong AFP in English 1238 GMT 19 Oct 80

[Excerpt] Beijing, 19 Oct (AFP)--Thai Premier Prem Tinsulanon is expected to begin a five day visit to China next Sunday, diplomatic sources said here today. The situation in Indochina and more especially the question of Cambodia will head the list of subjects the Thai head of government is to discuss with Chinese leaders, observers said.

The visit of the Thai premier whose country is a member of the Association of Southeast Asian Nations (ASEAN) was planned in early July during a stay here by Thai Foreign Minister Air Marshal Sitthi Sawetsila.

BURMESE PRESIDENT NE WIN DEPARTS ON VISIT TO CHINA

OW200824 Beijing XINHUA in English 0741 GMT 20 Oct 80

[Text] Rangoon, 20 Oct (XINHUA)--U Ne Win, president of the Socialist Republic of the Union of Burma and chairman of the Council of State, left here by special plane this morning for a friendly visit to China at the invitation of the Government of the People's Republic of China.

President U Ne Win, an old friend of China, is accompanied by his daughter Daw Khin Sanda Win and Foreign Minister U Lay Maung on the visit. This will be his eleventh visit to China to promote the Sino-Burmese friendship.

Seeing the president off at the airport were Secretary of the Council of State U San Yu and members of the Council of State, Prime Minister U Maung Maung Kha and ministers and other high-ranking military and government officials. Also present at the airport was Chinese Charge d'Affaires Ad Interim Chen Mo.

Arrival in Beijing

OW200912 Beijing XINHUA in English 0853 GMT 20 Oct 80

[Text] Beijing, 20 Oct (XINHUA)--At the invitation of the Government of the People's Republic of China, U Ne Win, president of the Socialist Republic of the Union of Burma and chairman of the Council of State, arrived here by plane this afternoon for a friendly visit to China. He was greeted at the airport by Vice-Minister of Foreign Affairs Han Nianlong and Burmese Ambassador to China U Tha Tun.

Premier Zhao Ziyang is scheduled to preside over a welcome ceremony tomorrow morning, it was learned, and give a banquet in honor of President U Ne Win in the evening.

RENMIN RIBAO Editorial

OW191700 Beijing XINHUA in English 1649 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--Tomorrow's PEOPLE'S DAILY editorial speaks highly of the traditional friendly relations between China and Burma and the "Pauk Phaw" kinsmanship between the peoples of the two countries.

Entitled "Welcome, President U Ne Win," the editorial says: "Chinese and Burmese leaders have held many meetings before in the desire of sincere cooperation. The constant exchange of delegations between the two countries has promoted mutual understanding.

"Through long-standing exchanges and contacts, friendly relations and cooperation between the two countries have continuously been strengthened and developed on a solid foundation. This is in keeping with the basic interests of the two peoples and is beneficial to Asian and world peace."

The paper notes that "President U Ne Win is an esteemed friend of the Chinese people and has visited China on many occasions. His forthcoming visit to China will surely foster the development of friendly relations and cooperation between China and Burma," the paper says.

Under the leadership of the Burmese Government, the editorial notes, the Burmese people are working hard to turn Burma into an industrialized country with agriculture as the foundation, and have made significant accomplishments towards this end.

In international affairs, it continues, the Burmese Government follows an independent foreign policy. It is against the forcible invasion of one country by another and opposes imperialism, colonialism and hegemonism. Guided by the principle of "fostering friendship and putting an end to enmity," the Burmese Government has maintained and developed friendly relations with all countries, its neighbouring countries in particular, and has concluded friendship treaties with a number of countries on border delimitation, nautical limits and territorial jurisdiction. "The Burmese Government has successfully safeguarded its independence and sovereignty and made outstanding contributions to peace in Asia and the world as a whole," the editorial declares.

GU MU MEETS AUSTRALIAN WOOL CORPORATION DELEGATION

OW161328 Beijing XINHUA in English 1251 GMT 16 Oct 80

[Text] Beijing, 16 Oct (XINHUA)--Vice-Premier Gu Mu met this afternoon with a delegation from the Australian wool corporation led by David Asimus, chairman of its board of directors.

Gu Mu told the Australian businessmen that there were many fields in which China and Australia could expand their trade cooperation. He hoped that both sides would find suitable ways to reduce China's unfavourable balance in their bilateral trade. The vice-premier said he was satisfied with the wool trade between the two countries and with their cooperation in the wool textile industry. Mr Hugh Alexander Dunn, Australian ambassador to China, was present.

RONG YIREN LEADS ECONOMIC DELEGATION TO AUSTRALIA

OW181628 Beijing XINHUA in English 1617 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--A delegation of the China International Trust and Investment Corporation led by Rong Yiren, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and chairman of the corporation, left here by plane today for a ten-day visit to Australia at the invitation of the Australia-China Business Cooperation Committee. During its visit the delegation will attend discussions on economic cooperation and exchanges between China and Australia which is to hold [as received] in Sydney and Melbourne.

AUSTRALIA WITHDRAWS RECOGNITION OF KAMPUCHEA

BK180929 Beijing in Cambodian to Kampuchea 1030 GMT 16 Oct 80

[Text] Australian Foreign Minister Peacock, in a statement issued on 14 October, said the Australian Government has actually withdrawn recognition of the Government of Democratic Kampuchea, but he did not specify when the decision was to take effect. He added that this decision did not imply recognition by Australia of the Heng Samrin administration in Phnom Penh which was installed by the Vietnamese following their aggression in Kampuchea.

On 15 October, the Government of New Zealand issued a statement saying that it will not withdraw recognition of the Government of Democratic Kampuchea.

VICE PREMIER FANG YI MEETS NEW ZEALAND SCIENTIST

OW181325 Beijing XINHUA in English 1238 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--Vice-Premier Fang Yi met here today with Dr R.W. Bailey, international secretary of the Royal Society of New Zealand. Both expressed the hope that friendly relations and cooperation between the China Association for Science and Technology and the Royal Society would continue to develop. Also present was Liu Shuzhou, vice-president of the China Association for Science and Technology, and the New Zealand ambassador to China, H. Freeman-Greene.

XINHUA COMMENTARY SCORES USSR-BACKED KARMAL REGIME

OW181907 Beijing XINHUA in English 1837 GMT 18 Oct 80

["Commentary by XINHUA correspondent Guo Ping: Illusion and Reality in Moscow"--XINHUA headline]

[Text] Beijing, 18 Oct (XINHUA)--Amidst the roar of guns coming from the Iran-Iraq border conflict, the Kremlin summoned its hand-picked chieftain Babrak Karmal of the Kabul regime and accorded him a ceremonial reception in Moscow. Brezhnev himself greeted Karmal as a "head of state" at the airport, where they gave each other a big hug and reviewed an honour guard. What is the real purpose behind this staged illusion?

Of late, the Soviet mass media has been running a propaganda campaign designed to push people into believing that the present situation in Afghanistan has been "readjusted and put on the right track" and tranquility already restored. With these supposed "facts" in mind, the Kremlin contends that since Karmal is taking a tight hold on the situation and is leading a "lawful government" like an "equal partner" of the Soviet Union, the international community should treat it on an equal footing and give it due respect and recognition.

By availing itself of the curtain of the Iran-Iraq conflict, the Soviet Union brought Karmal to Moscow to collaborate on intensifying the suppression of the Afghan patriotic armed forces and people, to reassure and reinforce the Karmal regime and thus consolidate the Soviet advance position east of the Gulf.

But what is the reality behind this illusion?

Foreign news agencies report that talks between Brezhnev and Karmal centered on the military issue. Brezhnev promised to give more "military assistance" to the Kabul regime.

The fact is that the Soviet Union was compelled to do so as a result of the stiff resistance to the Russian occupation troops put up by the Afghan patriotic armed forces and people. The Afghan guerrillas are hitting hard at the aggressors. Their recent surprise attack on Qandahar airport in which many Soviet aircraft were destroyed added new proof to this fact. In view of such a situation, Moscow sent a senior military delegation to the country to carry out a field inspection and try to work out counter-measures.

Recently, the Soviet occupation army has taken the following steps to stiffen the suppression: one--tighten the control of major cities, towns and communication lines: The Soviet troops sent out airplanes and tanks to bomb and shell around Kabul and villages along the main roads throughout the country to create desolate "no-man areas" to deter and isolate the guerrillas. Two--adjust the deployment of their troops, change tactics and carry out regional defense: The Soviet authorities have sent home that part of its personnel and equipment unsuited to fighting in Afghanistan and brought in a large batch of gunships and a great number of mobile shock troops trained for anti-guerrilla warfare and suitable to fight in mountainous regions in order to launch surprise attacks on guerrillas. Three--employ Afghans to fight against Afghans: The Soviet Union recruited "volunteers" from various tribes in the country by giving high pay to fight in coordination with the Soviet troops. A lot of money was paid to buy over some tribal chiefs, sowing discord among the Afghan tribes and undermining the morale of their forces.

At a dinner given for Karmal on October 16, Leonid Brezhnev said that the Soviet Union would "firmly guard the security interests of both of our states and do our internationalist duty to the Afghan people and its government." In other words, the Soviet occupation troops will "firmly" hang on in Afghanistan. He also added that in the struggle for building a new society and in the cause for defending its revolutionary fruit, Afghanistan could still "depend upon" support from the Soviet Union. That is to say, the Soviet Union will step up its suppression of the patriotic anti-aggression struggle in Afghanistan. Apparently, Moscow will go on with its policy of imposing military occupation in Afghanistan. Therefore, a political solution of the Afghan issue still seems remote.

THREE SOVIET WARSHIPS VISIT INDIAN PORT

OW171842 Beijing XINHUA in English 1831 GMT 17 Oct 80

[Text] Beijing, 17 Oct (XINHUA)--Three Soviet warships led by the cruiser "Vladivostok" arrived in Cochin, an Indian Ocean port in southern India, yesterday for a visit there, according to reports from New Delhi.

Rear-Admiral G.I. Semenov, commander of the squadron, attacked policies of the United States, China and Pakistan at a press conference at Cochin. He also praised India's "understanding" of Soviet intervention in Afghanistan.

The squadron is scheduled to spend four days in Cochin.

INDIA OFFERS TO SUPPLY FOOD TO USSR

OW180846 Beijing XINHUA in English 0830 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--India has offered the Soviet Union 200,000 tons of potatoes and 50,000 tons of onions to help meet the shortage, says a report from New Delhi quoting today's NATIONAL HERALD.

Adverse weather conditions have affected vegetable farming in the Soviet Union.

India has also expressed its readiness to supply the Soviet Union with an additional 300,000 tons of rice. Final arrangements in this regard are expected to take place soon.

HUANG HUA HOSTS BANQUET FOR MALDIVES MINISTER OF EXTERNAL AFFAIRS

OW171637 Beijing XINHUA in English 1615 GMT 17 Oct 80

[Text] Beijing, 17 Oct (XINHUA)--A banquet was given here this evening by Huang Hua, vice-premier of the State Council and minister of foreign affairs, in honor of Fathulla Jameel, minister of external affairs of Maldives, and his party for their official visit to China.

In his toast, Huang Hua pointed out that the friendship and cooperation between China and Maldives have a solid basis and good prospects for their future development. He said: "The Chinese Government and people appreciate the positive role played by your government in international affairs." He wished the people of Maldives new victories on their road to progress.

Mr Jameel said that the friendship between China and Maldives goes back to the ancient past. Both are developing countries and have many things in common. "We are striving to overcome the challenges of the time, and are looking towards progress and the prosperity of our people." He expressed the hope that the friendship between the people of China and Maldives will continue to develop.

Following the banquet Huang Hua and Fathulla Jameel held talks.

Fathulla Jameel arrived here today by plane from Korea.

REPORTAGE ON FRENCH PRESIDENT GISCARD'S VISIT

Nuclear Power Plant Agreement

LD171308 Paris Domestic Service in French 1200 GMT 17 Oct 80

[Text] During the third day of President Giscard d'Estaing's visit to China agreement was reached in principle for the construction of two nuclear power stations, and political talks were held at another meeting between the president and the strong man of the regime, Deng Xiaoping, who ranks number two in the Chinese Communist Party.

The president has just held a press conference in Beijing during which he reviewed the results of the first half of the visit. He spoke about the agreement for the construction of the two power stations:

[Begin Giscard recording] It is the question of an agreement of principle regarding the construction of two nuclear power stations, or more accurately of a pair of stations, of 900 mw each. This agreement was envisaged in the past but negotiations were interrupted due to a readjustment of certain Chinese economic development programs and now negotiations can be resumed regarding these two power stations. There was a problem of financing but we managed to propose a financial solution which suits the particular character of China's situation. From now on it is merely a question of continuing technical discussions between the enterprises. According to our Chinese interlocutors these could be held shortly. It is a set of two power stations, not merely isolated units as envisaged before, but a set of two power stations, the size, as you know being that of a complex power station costing F 4 billion. [end recording]

Agreement on Establishing Consulates

OW171628 Beijing XINHUA in English 1620 GMT 17 Oct 80

[Text] Beijing, 17 Oct (XINHUA)--An agreement between the Government of the People's Republic of China and the Government of the Republic of France on the establishment of consulates was signed here this afternoon.

Chinese Premier Zhao Ziyang and French President Valery Giscard d'Estaing attended the signing ceremony. Chinese Vice-Premier and Foreign Minister Huang Hua and French Minister of Foreign Affairs Jean Francois-Poncet signed the agreement on behalf of their respective governments. Chinese Vice-Premier Gu Mu was also present.

According to the agreement, the Chinese Government allows the French Government to establish a consulate-general in Shanghai. The consular circumscription includes Jiangsu Province, Zhejiang Province and Shanghai Municipality. The French Government allows the Chinese Government to establish a consulate-general in Marseille. The consular circumscription includes Alpes-Maritimes, Ardeche, Bouches-du-Rhone, Gard, Herault, Isere, Loire, Rhone and Var.

After the signing ceremony, Zhao Ziyang had an interview with the French journalists who are covering the visit of the French president. The Chinese premier said, "In the last few days, we have had talks and meetings with President Giscard d'Estaing, during which major international issues and bilateral relations were discussed extensively and deeply. "The meetings and talks were held in a cordial and friendly atmosphere. We hold many views in common on major international issues." Premier Zhao described President Giscard d'Estaing's China visit as "fruitful." "Both sides firmly believe that friendly relations and cooperation between China and France will continue to develop," he stated.

'Open, Friendly' Relations

OW171655 Beijing XINHUA in English 1646 GMT 17 Oct 80

[Text] Beijing, 17 Oct (XINHUA)--President Giscard d'Estaing said here today that an active China and the active participation of China in international responsibilities are important factors for equilibrium and peace in the world.

Speaking at a press conference, the French president said that the events that will affect the life of the People's Republic of China in the coming years will produce important consequences for mankind. On his talks with the Chinese leaders, he said that the two sides have agreed to hold regular political consultations to seek practical solutions to the tensions and conflicts in the world and ways to preserve peace.

He said that the two countries have also achieved progress in their cooperation in the economic, scientific and cultural fields, and that they have reached agreement in principle on France's supply of nuclear power plants to China. "On most major international subjects, our analyses and positions are close and even similar," the president added. He described the relations between France and China as open, confident and friendly. He paid tribute to the Chinese people for their sharpness, discretion and benevolence.

Giscard Hosts Banquet

OW171855 Beijing XINHUA in English 1846 GMT 17 Oct 80

[Text] Beijing, 17 Oct (XINHUA)--French President Valery Giscard d'Estaing gave a reciprocal banquet here this evening at the residence of the French ambassador to China, Mr Claude Chayet.

Among the guests were Chinese Premier Zhao Ziyang, Vice-Premiers Fang Yi and Gu Mu, as well as Ulanhu, vice-chairman of the Standing Committee of the National People's Congress, and Liu Lantao, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference.

President Giscard d'Estaing said in his toast that during the talks over the past three days, the French and Chinese leaders have exchanged views on important issues in the world and on developing bilateral relations. He said that his visit to China will foster the development of the relations between the two countries. France and China will contribute to the safeguard of peace, progress and tranquility in the world, he declared. President Giscard d'Estaing expressed the hope that his visit will sow seeds of friendship in China.

Premier Zhao Ziyang said in his toast: "To continue and develop friendship between China and France is in keeping with their common interest. Both of us want the safeguard of world peace, at a time when the world is fraught with increasing tension and danger." He pointed out that President Giscard d'Estaing's visit will further promote the development of friendly relations between the two countries.

Sihanouk Meeting, Protest

OW181213 Hong Kong AFP in English 1152 GMT 18 Oct 80

[Text] Beijing, 18 Oct (AFP)--A Chinese military intervention in Cambodia was the only way to put an end to the Vietnamese occupation of that country, former Cambodian head of state Prince Norodom Sihanouk said here today.

The prince was speaking to journalists in Beijing shortly after an hour-long meeting with visiting French President Valery Giscard d'Estaing. The only way to meet the "situation of force" constituted by the presence of some 200,000 Vietnamese soldiers in Cambodia was through a "solution of force"--the dispatch of Chinese troops. There were few details on what he actually discussed with President Giscard d'Estaing.

Prince Sihanouk handed the French leader a statement, later distributed to the press, protesting strongly against a proposed solution for Cambodia submitted to the United Nations by the countries of the Association of Southeast Asian Nations (ASEAN). His statement said the ASEAN proposal was "outrageously advantageous" to the Khmer Rouge--"torturers and assassins of my people". The ASEAN countries--Thailand, Malaysia, Singapore, Indonesia and the Philippines--have just achieved the maintenance of the Khmer Rouge--allies of China--as Cambodia's representative at the United Nations.

In its Cambodian proposal to the world body, ASEAN called for the unconditional withdrawal of foreign troops from Cambodia. In this event, Prince Sihanouk said the Khmer Rouge would be able to continue its "terror, torture and genocide of the Khmer peoples" with nothing to stop them. They would also be able to resolve "the problem of general elections allegedly supervised by the UN."

The eventual role of the UN in a Cambodian election was also raised in the ASEAN proposal. The former Cambodian head of state added that a UN solution would only be acceptable if it had a "clear and precise" plan for the uninterrupted takeover from Vietnamese troops once the withdrawal started "by a very strong international army". Prince Sihanouk said he was for the disarming of "all armed Khmers".

Departure for Xian

OW180725 Beijing XINHUA in English 0707 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--President and Madame Giscard d'Estaing and their party left for the ancient northwest city of Xian in the company of Chinese Vice-Premier and Foreign Minister Huang Hua and his wife at noon today at the end of their visit to Beijing.

Prior to the distinguished French guests' departure, Premier Zhao Ziyang went to the state guesthouse to bid farewell to them. Premier Zhao Ziyang said to President and Madame Giscard d'Estaing: "You will receive a warm welcome from the local governments and people during your visits to other Chinese cities. You will see for yourselves that Sino-French friendship is solidly rooted among the Chinese people." He requested President and Madame Giscard d'Estaing to convey the Chinese people's regards to the people of France.

Saying goodby to Premier Zhao Ziyang, the French president said: "Thank you for your warm reception. I hope you will visit France so that we can continue our talks." The French president is also scheduled to travel to Lhasa and Shanghai during his weeklong official visit to China.

Arrival in Xian

OW181652 Beijing XINHUA in English 1640 GMT 18 Oct 80

[Text] Xian, 18 Oct (XINHUA)--French President Valery Giscard d'Estaing, Madame Giscard d'Estaing and their party arrived in Xian this afternoon by special plane for a visit to this ancient Chinese capital. They were accompanied by Chinese Vice-Premier and Minister of Foreign Affairs Huang Hua and his wife.

The distinguished French guests were greeted at the airport by Yu Mingtao, governor of Shaanxi Province, Sun Zuobin, vice-chairman of the Standing Committee of the Provincial People's Congress, Xie Huaide, vice-governor of the province, Wu Shengxiu, vice-chairman of the provincial committee of the Chinese People's Political Consultative Conference, and Wang Zhen, mayor of Xian City.

Accompanied by Governor Yu Mingtao, President Giscard d'Estaing and other French guests drove for 30 kilometers to Lintong County to visit a museum and the tomb of Qin Shi Huang (259-210 B.C.), the founding emperor of the Qin Dynasty (221-207 B.C.). At the museum the president went down to the vault to take a close look at the life-size terracotta horses and warriors assembled in formations. Commenting on the museum, President Giscard d'Estaing exclaimed: "It is a great museum. It will be renowned all-over the world." The French guests also visited the Shaanxi provincial museum which displays cultural relics of ten dynasties, tablets and stone carvings found in Xian and its vicinity.

This evening, the Shaanxi Provincial People's Government hosted a banquet in honour of the visitors. Governor Yu Mingtao and President Giscard d'Estaing spoke at the banquet. Vice-Premier Huang Hua and his wife were present.

Tibetan Refugee Group's Appeal

NC181045 Paris AFP in English 1028 GMT 18 Oct 80

[Text] Paris, 18 Oct (AFP)--A group of Tibetan refugees in Western Europe today appealed to French President Valery Giscard d'Estaing to take note in Lhasa that "Tibetans are treated like second-class citizens in their own country." Mr Giscard d'Estaing, now paying an official visit to China, is due in the Tibetan capital tomorrow for a two-day visit. The statement said he would be the first Western head of state in a position to see "Chinese meddling in Tibet's affairs."

The appeal also complained that Tibet had been the victim of Chinese "exactions" for 30 years. "Other despoiled minorities such as the Palestinians have used violence, killings and seizure of hostages to protest and draw the world's attention. That attitude does not correspond to the spirit of the Tibetan nation. But the price of its pacifism was silence and being almost forgotten," the appeal added. "Should one conclude that only violence pays? It is really time for public opinion to realize this problem and understand that a culture like Tibet's, whose originality and refinement made it one of the jewels of humanity's heritage, is becoming extinct on the roof of the world."

Arrival in Lhasa; Banquet

OW192050 Beijing XINHUA Domestic Service in Chinese 1614 GMT 19 Oct 80

[Text] Lhasa, 19 Oct (XINHUA)--President and Mme Giscard d'Estaing arrived here by special flight today from Xian via Chengdu. They were accompanied by Vice-Premier and Foreign Minister Huang Hua and his wife. Lhasa is the third leg of the French president's week-long official visit to China.

Among those greeting the distinguished guests at the airport were Tian Bao and Basang, chairman and vice-chairman respectively of the People's Government of the Tibet Autonomous Region, and Pagbalha Geleg Namgyai, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and vice-chairman of the Tibet Regional Committee of the CPPCC; Sengqen Losang Gyancan, vice chairman of the Standing Committee of the Xizang Autonomous Regional People's Congress; and Zhang Jianji, vice chairman of the Lhasa Municipal Revolutionary Committee.

This evening, the regional people's government gave a banquet in honour of the French guests. Addressing at the banquet, Tian Bao said: "On behalf of the Government of Tibet Autonomous Region and all nationalities in Tibet, I wish to extend a warm welcome to President Valery Giscard d'Estaing and Mrs Giscard d'Estaing for travelling thousands of miles to visit Tibet.

"Last June," he said, "I had the honour to visit France in the company of NPC Vice-Chairman Deng Yingchao. I would like to avail myself of this opportunity to express my sincere thanks to Your Excellency and other distinguished French guests for the friendly reception extended by President Giscard d'Estaing and the warm hospitality of the French people.

"The people of various nationalities in Tibet are now enthusiastically working to build up a new, united, rich and civilized Tibet," he declared. He said he believed that conditions in Tibet would be even better in the near future.

President Giscard d'Estaing said he was the first head of state from a Western country to visit Tibet. He thanked the Chinese Government for making the arrangements on behalf of the French Government. "The French people are very interested in the Tibetan people," he said, "because they began to have contacts long ago." Relations between France and China's Tibetan region had now become closer, as seen particularly in the scientific and technological fields, the president noted. He wished Tibet prosperity.

[Beijing XINHUA in English at 1954 GMT on 19 October, in its virtually identical report, adds: "Huang Hua and his wife were also present at the banquet."]

This afternoon, President and Mme Giscard d'Estaing visited the Sera monastery.

Earlier today while making a stopover in Chengdu, the distinguished French guests were greeted at the airport by He Hadju, vice-governor of Sichuan Province, and Mi Jianshu, mayor of Chengdu.

PLA CHIEF YANG DEZHI MEETS GISCARD'S CHIEF OF STAFF

OW191514 Beijing XINHUA in English 1502 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--Yang Dezhi, chief of General Staff of the Chinese People's Liberation Army, met here today with General de Montaudouin, private chief of staff of French President Giscard d'Estaing. They had a cordial conversation during which they exchanged experiences in army building in China and France. They declared that both the Chinese and French armies were determined to fight for the independence and security of their countries and expressed the wish that friendly relations between the peoples and armed forces of the two countries would continue to develop.

PENG ZHEN, HUANG HUOQING MEET FRENCH JUSTICE MINISTER

OW191630 Beijing XINHUA in English 1620 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--Mr Alain Peyrefitte, visiting French minister of privy seal and justice, met here this afternoon with Peng Zhen, vice-chairman of the Standing Committee of the National People's Congress, and Huang Huoqing, chief procurator of the Supreme People's Procuratorate.

In a friendly conversation Vice-Chairman Peng Zhen described China's progress in recent years in extending socialist democracy and perfecting the socialist legal system. He explained China's legislative work and current re-structuring. The vice-chairman also answered questions raised by Mr Peyrefitte. Mr Peyrefitte presented vice chairman Peng with a copy of the book he had written following his first visit to China, "When China Awakes."

Present at the meeting were Zeng Tao, deputy secretary-general of the NPC Standing Committee; Wang Hanbin, deputy director of the NPC Commission of Legislative Affairs; and the Chinese Ambassador to France Yao Guang. The French ambassador, Mr Claude Chayet, was also present.

ROMANIAN PARTY DELEGATION ARRIVES IN FUZHOU

HK180257 Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 10 Oct 80

[Summary] The visiting Romanian party workers' friendship delegation comprising 22 persons arrived in Fuzhou by plane at noon on 9 October. Fujian Provincial CCP Committee Secretary Wu Hongxiang, provincial CCP Committee Standing Committee member Yuan Gai, Fuzhou Municipal CCP Committee Deputy Secretary (Su Li) and provincial People's Government foreign affairs office deputy director (Lin Wangzhong) welcomed the delegation at the airport.

(Zhang Quanzhong), deputy director of the International Liaison Department of the CCP Central Committee, accompanied the delegation to Fuzhou. Wu Hongxiang, Yuan Gai, Wen Fushan and (Su Li) met with all members of the delegation. The same evening, Wu Hongxiang hosted a banquet for them. On the morning of 10 October, the delegation left Fuzhou to visit Xiamen Municipality.

RENMIN RIBAO CHIEF EDITOR HOSTS BANQUET FOR VISITING ROMANIANS

OW161626 Beijing XINHUA in English 1601 GMT 16 Oct 80

[Text] Beijing, 16 Oct (XINHUA)--A banquet was given here this evening for a delegation of Romanian SCINTEIA by Hu Jiwei, editor-in-chief of the PEOPLE'S DAILY. The delegation is led by N. Dragos, deputy editor-in-chief.

Present at the banquet were Romulus Ioan Budura, charge d'affaires ad interim of the Romanian Embassy here, and Mrs Romulus.

The delegation arrived here today.

ROMANIAN PARTY LEADER RECEIVES PRC DELEGATION

OW181540 Beijing XINHUA in English 1529 GMT 18 Oct 80

[Text] Bucharest, 18 Oct (XINHUA)--Iosif Banc, member of the Executive Political Committee and member of the Secretariat of the Central Committee of the Romanian Communist Party, received here yesterday the visiting good-will delegation of Chinese party workers.

The Romanian leader briefed the Chinese guests on his country's achievements in carrying out the current five-year program for the development of national economy and the implementation of the national economic plan for 1981. He also talked about problems concerning the further strengthening of the party's leadership, democracy and links with the masses of the people.

The delegation, led by Jiang Weiqing, member of the Central Committee of the Chinese Communist Party and first secretary of the CCP Committee of the Jiangxi Province, arrived in this country on September 28. They visited industrial and agricultural enterprises as well as cultural and educational units in Bucharest, Vrancea, Bacau and Brasov, and exchanged experience with local party workers.

The delegation is scheduled to leave here for home today.

PENG CHONG, DELEGATION RETURN FROM VISIT TO YUGOSLAVIA

OW200812 Beijing XINHUA in English 0737 GMT 20 Oct 80

[Text] Beijing, 20 Oct (XINHUA)--The delegation of the Communist Party of China led by Peng Chong, member of the Political Bureau and of the Secretariat of the CCP Central Committee, returned to Beijing by plane today at the end of a friendly visit to Yugoslavia.

It was met at the airport by Ji Pengfei, vice-premier of the State Council and head of the International Liaison Department of the CCP Central Committee, and Yugoslav Ambassador to China Mirko Ostojic.

I. 20 Oct 80

H 2

PRC INTERNATIONAL AFFAIRS
EASTERN EUROPE

JI PENGFEI RECEIVES YUGOSLAV PARTY, GOVERNMENT DELEGATION

OW181532 Beijing XINHUA in English 1524 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--Ji Pengfei, vice-premier of the State Council and head of the International Liaison Department of the Central Committee of the Chinese Communist Party, met here this evening with a party and government delegation of Yugoslavia.

The delegation is led by Petar Stambolic, member of the Presidency of the Central Committee of the League of Communists of Yugoslavia and member of the Presidency of the Socialist Federal Republic of Yugoslavia.

They had a cordial and friendly conversation.

Following the meeting, Ji Pengfei gave a banquet in honor of the Yugoslav comrades. Present on the occasion were Feng Xuan and Ou Tangliang, deputy heads of the International Liaison Department of the CCP Central committee, and Zhang Haifeng, vice-minister of foreign affairs.

Yugoslav Ambassador to China Mirko Ostojic and Mrs Ostojic were also present.

The delegation arrived in Beijing today on its way home after having attended the sixth congress of the Workers' Party of Korea and visited the latter. The delegation will leave here for home shortly.

WANG RENZHONG MEETS YUGOSLAV WRITERS DELEGATION IN BEIJING

OW181317 Beijing XINHUA in English 1229 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--Wang Renzhong, member of the Secretariat of the Central Committee of the Communist Party of China and head of the CCP Propaganda Department, today met with a delegation of the Yugoslav Writers' Union. The meeting took place in the Great Hall of the People.

The delegation is led by Sreten Asanovic, member of the presidium of the Yugoslav Writers' Union.

Wang Renzhong explained the experience and lessons of the Chinese Communist Party in cultural and art work over the past 30 years and its present policies. The Chinese party would firmly carry out the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" and encourage literary criticism so as to promote the growth of socialist art and literature in China, he added.

He also answered questions raised by the Yugoslav writers.

The delegation arrived in Beijing on October 6 for a friendly visit to China at the invitation of the China Writers' Association.

Before this, Mao Dun, chairman of the association, met with the Yugoslav guests, who also had discussions with vice-chairmen of the association Chen Huangmei and Feng Mu on literary exchanges between the two countries.

RENMIN RIBAO ARTICLE REVIEWS IRAN-IRAQ CONFLICT

HK180333 Beijing RENMIN RIBAO in Chinese 17 Oct 80 p 7

["Review of Current Events" by He Li (0149 4539): "The Iran-Iraq Clash Shakes the World"]

[Text] Growing ever more fierce in intensity, the armed clash between Iran and Iraq has now been going on more than 20 days. The effect of this conflict goes far beyond regional limits; it has caused unease and apprehension throughout the world and made even more critical the already turbulent situation in the Middle East and the Gulf region.

The great majority of countries of the world have taken a neutral stance, not favoring either side in this armed clash between two Muslim neighbours, and hope that both sides engaged in the conflict will immediately cease fire and solve their differences through peaceful negotiations. Not long after the clash broke out, 40 Islamic countries commissioned Pakistani President Haq to go to Iran and Iraq to mediate. The UN Security Council unanimously passed a resolution on 28 September calling on the two countries to peacefully settle their dispute in accordance with the principles of international law, instead of taking further armed action.

International opinion holds that it was "an unwise action" for the two countries to resort to arms, because: 1) war is a useless waste of Iranian and Iraqi manpower, military strength and oil--on which both countries rely for their people's existence and national construction--and harms the interests of both countries; 2) the conflict threatens world oil supplies and causes economic disruption; 3) the chaos caused by the war may lead to direct superpower intervention, which will not only endanger the security of those countries engaged in the conflict but will cause even more serious consequences for the Gulf states, and will in addition bring "catastrophic consequences" to international peace. The world's peoples therefore urgently want the war between Iran and Iraq to end as soon as possible.

Islamic and Arab states are particularly worried about this clash. This is because ceaseless expansion of the war will make the differences among the Arab states still more obvious and acute. Certain countries take the side of Iran, while certain others sympathize with Iraq. On 10 October the Iraqi Government announced that it was breaking off diplomatic relations with Syria and Libya and protested against their "transport of military equipment to Iran." King Husayn of Jordan recently visited Baghdad and openly expressed support for Iraq. Iran has issued numerous warnings to Jordan, Kuwait, the United Arab Emirates and "other unnamed countries" demanding that they refrain from supporting Iraq or else bear the "consequences" of their actions. According to some newspapers, if this situation persists, the Arab world will be in danger of splitting up.

The Arab countries are worried that expansion of the clash between Iran and Iraq may embroil certain Gulf states and that the flames of war may spread in the Gulf region. A Jordanian Government leader stated on 2 October that Jordan would intervene militarily in this Gulf war at the necessary moment to support Iraq. According to reports, since the clash started, Iranian aircraft have entered Saudi Arabian airspace many times, and Saudi Arabia has issued numerous protests about this. To guard against contingencies, apart from requesting the United States to station AWAC aircraft on her territory, Saudi Arabia has concentrated large numbers of antiaircraft guns, missiles and other defensive weapons around the oilfields, and also proclaimed a state of alert for all her armed forces. Kuwait, one of the states "warned" by Iran, has also adopted many defensive measures, such as considering extending the period of national service for serving army officers, strengthening coastal defense and stepping up fighter patrols around the capital. According to the latest L'OBSERVATEUR NOUVELLE, Iranian President Bani-Sadr has said that if the Gulf states join in the war, Iran will destroy their oil installations and blockade the Strait of Hormuz.

Western Europe and Japan who depend mainly on the Middle East for their oil supplies are also extremely uneasy over the ever-expanding clash between Iran and Iraq. Both these countries ceased oil exports after the war broke out, causing a reduction of 4 million barrels on the daily world oil market. If the war continues to develop and the Strait of Hormuz is closed, it will be a mortal blow to the West because 40 percent of the West's oil requirements have to be transported through this strait; France and Japan account for the highest proportion of this, 60 percent and 80 percent of their respective oil requirements being transported through the strait. A European newspaper has pointed out: "This conflict has nothing to do with Europe, but Europe's existence depends on its solution." For this reason the governments and leaders of Japan and the major European nations have issued statements and speeches stressing that "maintaining freedom of navigation in the Gulf and the Strait of Hormuz is extremely important for the world economy." They have also expressed their willingness to make the greatest effort to restrain the flames of war and ensure unhindered shipping movements in the Persian Gulf and the Strait of Hormuz.

The day after the conflict broke out, President Carter issued a statement saying, "We advise all countries including the Soviet Union not to intervene in this conflict. The United States herself will also follow this policy." The U.S. Government subsequently reiterated this stand on many occasions. Western diplomatic circles hold that the United States is considering two points in adopting this method: 1) the conflict may cause the Iranian parliament to delay its consideration of the fate of the 52 American hostages; 2) if the Iranian Government collapses under Iraqi pressure, the Soviet Union may seize the chance to step in. For the interests of herself and her Western European allies, the United States has actively moved military forces to the Persian Gulf and has also held deliberations and consultations over convening a Western summit meeting to decide on a plan for dealing with the crisis, so as to "preserve the right of freedom of passage in the Strait of Hormuz" and prevent the Soviet Union from seizing the chance to succeed in its aims in the Gulf.

Although the Soviet Union too has expressed a neutral stand in the Iran-Iraq conflict, it is actually engaged in dirty dealings to stir up trouble and fish in muddied waters under the cloak of "nonintervention." According to Western press agencies, the Soviet Union has on the one hand continued to transport arms and ammunition to Iraq, while on the other it has expressed willingness to supply "military equipment" to Iran, in an attempt to expand and prolong the conflict and reap the spoils of victory without lifting a finger. The British DAILY TELEGRAPH has reported that the Soviet Union very much "wants to turn this war into a channel by which it can in future turn its huge strategic superiority in the entire region into capability for effectively controlling the Persian Gulf region and its rich oil resources." The Soviet Union and Syria recently signed a "treaty of friendship and cooperation." According to Western observers, this is a "major reaction" of the Soviet Union to the Iran-Iraq war, and is "the Soviet Union's admission ticket to the Middle East."

It looks as though the armed clash between Iran and Iraq will not end soon. The whole world is now closely watching to see what consequences the war causes to the two states engaged in it, to the Middle East, to the Persian Gulf region and to the world situation.

I. 20 Oct 80

PEOPLE'S REPUBLIC OF CHINA
NATIONAL AFFAIRS

L 1

BEIJING RIBAO REPORTS FIRE AT MINISTRY CENTER

OW181233 Hong Kong AFP in English 1214 GMT 18 Oct 80

[Text] Beijing, 18 Oct (AFP)--Police are investigating a fire which broke out in a communications centre of the 7th Ministry of Machine Building here last Wednesday resulting in five deaths.

The Beijing RIBAO reported today that the fire started after petrol had been spread on the floor (with) a broom and then set alight. Another employee at the communications centre suffered third-degree burns in the fire which caused damage estimated at 140,000 yuan (U.S. \$ 95,000)

STUDENTS IN BEIJING SUPPORT HUNAN DEMONSTRATORS

OW181012 Hong Kong AFP in English 0956 GMT 18 Oct 80

[Text] Beijing, 18 Oct (AFP)--A group of students from Beijing's Beida University today gave their backing to colleagues studying in the Hunan provincial capital of Changsha who demonstrated earlier this week against government interference in a local election. In response to an appeal to other universities by the Hunan demonstrators, a group of 15 students at Beida's economy department today put up a big character poster at their campus expressing their support.

More than 4,000 young people at Changsha this week went into the streets in protest against the "anti-democratic" manner in which the local election had been organised. The students at Beida--one of Beijing's two major campuses--also called on their fellow students to show their support.

Big-character posters, or dazibao as they are called in China, have just been outlawed in all public places, although they still appear to be tolerated at some enterprises and teaching establishments.

The three-day protest by students in the Hunan provincial capital also gave rise to a hunger-strike by 87 of their number. They were angered at "manoeuvres" by local Communist Party leaders which resulted in the withdrawal of the candidacy of a student, Li Heng, who openly declared that he was not Marxist. The protest ended on Thursday following an announcement that a commission of inquiry appointed by unidentified "higher authorities" would look into the matter.

The big-character poster at Beida also announced that the Changsha demonstrators had sent telegrams to colleagues studying at other major universities explaining their action.

ZHAO ZIYANG TALK TO HONG KONG PRESSMEN REPORTED

HK180206 Guangzhou YANGCHENG WANBAO in Chinese 5 Oct 80 p 1

[Report: "Building Chinese-Style Socialism"]

[Text] According to the 30 September issue of SHIJIE JINGJI DAOBAO (published by the Chinese World Economy Association and the World Economy Research Center of the Shanghai Academy of Science): We do not intend to pursue capitalism now. However what we are doing is to develop China's socialism on the basis of the achievements scored by capitalism. This was said by Premier Zhao Ziyang when receiving Chinese journalists from Hong Kong on 15 September. Before making that statement, he quoted from Lenin: I don't know what other kind of socialism can be built other than that built on the foundation of capitalist civilization.

Zhao Ziyang said, we have now got a clear picture of the root of China's malady, and the problem now is to cure it. We are fully confident in being able to cure this malady. Speaking on the disaster of the "Great Cultural Revolution" and the current situation in China, he pointed out that at present the key lies in knowing where the problems lie. A doctor has to find out the cause of an illness before prescribing medicine. If the cause can be thoroughly investigated, the illness can be cured. Zhao Ziyang was firmly confident that the root of China's malady has now been clearly identified.

On Comrade Hua Guofeng's important speech at the NPC session, Zhao Ziyang said, this was certainly not the opinion of one individual, but represented the viewpoint summed up by the central authorities after long study. One way of looking at it, he said, was if the "Great Cultural Revolution" had not pushed everything to extremes, we would not have been able to have such a thorough awakening today. Self-questioning on the problems that arose after 1957 would have required a still longer time to emancipate our minds to the degree we have already reached today.

China, he said, has paid an enormous price, and is now unreservedly summing up past experiences in a truth-seeking way. If we base all our work on reality, we will certainly be able to make progress in our work. People should not expect that a perfect and complete way of doing things can be formulated totally in advance, or that everything can change overnight. We must carry out reforms in a measured way. He said: So long as our orientation is correct, we will be able to both advance and explore while we implement, and steady progress will be made.

Zhao Ziyang emphasized the necessity of persistently upholding the socialist system. The current problem facing China is how to import the advanced experiences of foreign management and so on and integrate them into our socialist system. This is a major challenge. If this problem is solved, we will have Chinese-style socialist modernization. We must make every effort to solve this problem.

SHIJIE JINGJI DAOBAO in this issue also publishes speeches by well-known Chinese scientists and economists Ma Hong, Qian Xuesen, Deng Yumin, Xue Baoding, Huan Xiang, Qian Junrui and Xue Muqiao, on the topic "What Is Meant by Chinese-Style Modernization?"

DISCIPLINE COMMISSION ON INNER PARTY MEMBER PRIVILEGES

OW171000 Beijing XINHUA Domestic Service in Chinese 1746 GMT 16 Oct 80

[Text] Beijing, 16 Oct (XINHUA)--On 14 October the CCP Central Committee's Discipline Inspection Commission issued a circular resolutely combating the unhealthy tendency of violating the "guiding principles for inner-party political life."

The circular was issued in connection with relaying an "Examination Report on the Question of 'Table d'Hote' at Fengzeyuan Restaurant," which was submitted by the preparatory group of the Beijing municipal party committee's Discipline Inspection Commission, and a ZHONGGUO QINGNIAN BAO report on how Chen Aiwu [a cook of Fengzeyuan restaurant] was rebuked for submitting a report on the question of "table d'hote" to the CCP Central Committee's Discipline Inspection Commission [CDIC]

The examination report of the preparatory group for the Beijing municipal party committee's Discipline Inspection Commission [BDIC] criticized Minister of Commerce Wang Lei for seeking special privileges at Fengzeyuan restaurant when he ordered "table d'hote" there. Judging from the examination report, the following three thought-provoking questions have put us on the alert, the CDIC's circular said:

1. Some leading cadres used their positions to appropriate products with the excuse of "testing" these products. In their capacity of department "chiefs" or leaders, they sought special privileges from various service trades. This evil practice was common in the past and seriously damaged the image of our party and leading cadres among the people, as well as damaged the confidence of the masses in our party. This is not a minor thing but is of prime importance to the work style of our communist party. This unhealthy tendency has been held somewhat in check in recent years. But what has given us pause is that many cadres, brushing aside the party Central Committee's repeated instructions to correct evil practices by party members, still have considered themselves special and have wantonly sought their own self-interest and personal pleasure at the expense of the party's prestige. They have remained unchanged even after the party Central Committee published the "Guiding Principles for Inner-Party Political Life" and have openly violated these "guiding principles." These principles were adopted at a plenary session of the current party Central Committee. It is not permissible for party member-cadres to fail in implementing the party's resolutions. We urge party committees at all levels and their Discipline Inspection Commissions to earnestly examine party member-cadres' violations of these "guiding principles." Any violations must be sternly dealt with in the spirit of "showing leniency toward past violations but severely punishing future ones," and resolute measures must be taken to correct evil practices in the party. In addition to taking party disciplinary actions against the violators according to the seriousness of their offenses, we must ask those who created economic and material losses to pay reimbursement in a lump sum, or in installments if the losses are huge.

2. The question of "related households" [guan xi hu 7070 4752 2073] mentioned in the BDIC preparatory group's examination reports is another common evil. This unhealthy trend not only endlessly wastes public funds and undermines the state's normal supply system but also gives rise to cheating and corrupts quite a few cadres. The relationship of the so-called "related households" to others is, in fact, the disguised relationship between a briber and a bribe-taker. Both sides are wrong. We must resolutely oppose this debased and evil practice, which harms the country and corrupts our cadres. All units and individuals who deliberately make things difficult for others for not paying bribes should, according to the seriousness of their offenses, be criticized, be given administrative penalties or be subjected to disciplinary punishment by the party.

3. There are good comrades who firmly adhere to established principles and sternly oppose unhealthy tendencies, but they are often scoffed at, attacked and isolated by others for what they do. The party organizations to which these good comrades belong do not support or commend them but put pressure on them. This phenomenon gives us much food for thought. Some of our party organizations have even submitted to the evil forces. How can these organizations lead the masses of people to press forward?

The CDIC's circular points out: This is a question that exists almost everywhere and that merits the serious attention of Discipline Inspection Commissions at all levels.

Minister Confession, Repayment Vow

OW171405 Beijing XINHUA Domestic Service in Chinese 1826 GMT 16 Oct 80

[Text] Beijing, 16 Oct (XINHUA)--The party group of the Ministry of Commerce held a meeting this afternoon. It believed: Chen Aiwu, a young cook of Fengzeyuan restaurant, who was determined to make reforms, did well in daring to challenge "special privileges" and expose Comrade Wang Lei's mistake. We can learn from his spirit.

The meeting, held by the party group of the Ministry of Commerce, studied and discussed the report and the newsletter on Chen Aiwu carried by the ZHONGGUO QINGNIAN BAO [CHINA YOUTH NEWS] on 16 October and the editorial of the newspaper in this regard, entitled: "Reformers, Pluck Up Your Courage!" Those attending the meeting held: as the Minister of Commerce, Comrade Wang Lei committed such a mistake! This has exerted a bad influence on the ministry's various organs and departments and on the whole society. We must take warning from this incident.

This afternoon the ministry openly informed the bureau directors in the ministry of Comrade Wang Lei's mistake and read a letter of preliminary self-criticism from Wang Lei. It decided to print this letter of self-criticism, distribute copies among all the workers and launch a campaign of exposure and criticism so as to correct the unhealthy practices of leading cadres in the Ministry of Commerce.

In his letter of self-criticism, Comrade Wang Lei preliminarily examined his own erroneous act caused by his thinking of enjoying special privileges. He expressed his determination to examine himself even more thoroughly, correct his mistake and pay what he owes the restaurant.

In his letter of self-criticism, Wang Lei requested the party organization to take disciplinary action against him. He also wrote letters to the Beijing Municipal No 1 Service Bureau and Fengzeyuan restaurant and made a self-criticism of his own mistake. He asked the restaurant to check its account so that he could pay whatever he still owes.

The party group of the Ministry of Commerce submitted a report today to the CCP Central Committee, pledging to further study and implement the guiding principles for inner-party political life, examine existing problems, conscientiously correct mistakes, carry out well their work in commerce and make contributions to the four modernizations program.

CHINA YOUTH NEWS Reaction

OW181247 Beijing XINHUA in English 1221 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--CHINA YOUTH NEWS today devotes most of its front page to reactions from all quarters to the news that a model worker and cook at Beijing's famous Fengzeyuan restaurant exposed the abuse of position of Wang Lei, minister of commerce, carried by the paper two days ago.

Today's editorial, titled "Party Encourages Us To Make Reforms", said the support given by the party to Chen Aiwu showed that the party was determined to tighten up discipline of its members, whatever their rank. The people, it said, had the right to supervise and criticize government officials since they should serve society. The open criticism of Minister Wang Lei was a concrete example of democracy in action in China.

The workers of a Shanghai restaurant said that certain regulations that lead to privileges for those in high position ought to be cancelled. With law to protect the people, more would stand up to fight. A radio listener in Heilongjiang in northern China cabled his strong support to the CHINA YOUTH NEWS. He said the young cook's action added good material to the current discussion among the country's young people on the goal of life. Young people in Wuhan along the Yangtze River said that only people with courage could bring about reforms. The reporter of the youth paper also wrote a short piece on the reactions of passengers on a train from Xian to Beijing. Everyone joined in the discussion after they heard the news. Many applauded.

The Fengzeyuan restaurant has received a call from a government official asking how much he owes because he would like to pay up. Another restaurant has also received such telephone calls.

WANG RENZHONG ADDRESSES NATIONAL BROADCASTING CONFERENCE

OW171224 Beijing Domestic Service in Mandarin 1200 GMT 16 Oct 80

[Text] Wang Renzhong, secretary of the Secretariat of the CCP Central Committee and director of the CCP Central Committee's Propaganda Department, addressed the 10th national broadcasting conference on 16 October. He said: radio and television are tools for carrying out education and propaganda work among cadres and masses under the party's leadership. They serve the people and socialism.

Comrade Wang Renzhong said: propaganda is the party's most important work. Strengthening political and ideological work is the responsibility of propaganda departments as well as the whole party. As regards our tasks, Comrade Deng Xiaoping in January this year put forth the three great tasks for the 80's. These three tasks are the objectives of propaganda work. Our propaganda work should be carried out with the three great tasks as its core.

1. In international affairs, oppose hegemonism and safeguard world peace.
2. Return Taiwan to the motherland and accomplish the motherland's reunification.
3. Strengthen economic construction, that is, step up efforts to accomplish the four modernizations. Modernization is the core of the (?new) construction.

Dealing with the relationship between political and ideological work and economic work, Comrade Wang Renzhong said: The current central task is to carry out economic construction. Therefore, we must carry out our propaganda and educational work with the focus on this economic construction and in connection with its actual conditions. Chairman Mao once said: "It is necessary to make ideological work the first priority. Political work is the lifeline of all economic work." This is a correct formulation. Strengthening the whole party's political and ideological work is the most important requirement for insuring the success of economic construction. While stressing that wages should be determined by work done and that the necessary material rewards should be offered, we should strengthen the necessary political and ideological work and lay stress on spiritual encouragement so that the large numbers of cadres and people will unite to work for the four modernizations with one heart and soul.

Touching on strengthening propaganda work, Comrade Wang Renzhong urged publicity of the need to reform the system of leadership of the party and the state as well as the economic structure, and the need to explore ways to carry out reforms based on practical experience. It is necessary to publicize the virtues of the good people as well as those of good models so as to strengthen the people's confidence and inspire their fighting will. In the course of propaganda work, it is necessary to stress the importance of seeking truth from facts, to speak out true sentiments, to make realistic commendations and criticisms and to guard against excessive praise or denunciation. It is necessary to take the actual conditions into consideration and carry out propaganda work in light of the people's thinking by avoiding empty talk.

Comrade Wang Renzhong called for trying every possible way to improve radio and television literary and art programs, making them more flexible and diversified. It is necessary to make use of radio and TV broadcasting to raise the people's consciousness and improve their moral outlook as well as their revolutionary sentiments. Comrade Wang Renzhong said: Radio and TV broadcasting is a new undertaking with a bright future. With hard work, we can use it to make greater progress and to play a more important role.

XINHUA Report of Speech

OW181359 Beijing XINHUA in English 1244 GMT 18 Oct 80

[Excerpts] Beijing, 18 Oct (XINHUA)--Chinese radio and television "should serve the people and serve socialism and provide education for the masses," Wang Renzhong, head of the Propaganda Department of the Chinese Communist Party Central Committee, said at a national conference on radio and TV that closed here today.

"As economic construction is our central task, propaganda and education work should also center on it and reflect the real situation," he said.

He stressed that the media should tell the facts and speak the truth, and their criticisms and praise must accord with reality. They should not indulge in whitewashing or blackening. "History has taught us lessons," he said. Radio and TV should enhance the ideological consciousness of the masses, foster a good style of life and work, and build revolutionary morality in young people. He said Chinese TV programs contain both good and not-so-good items, and urged constant improvement.

Conference on Television Service

OW180739 Beijing XINHUA in English 0713 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--China is expected to increase its television sets by two to three million a year, according to the country's TV station directors now holding a national conference in Beijing.

With 38 stations and a relay network of 238, China's TV service reaches some five million TV sets in the country, a figure soon to leap. Four thousand readers' letters reach the central TV station every month. "We are going forward amidst applause and scolding," deputy director of the central TV station Dai Linfeng told XINHUA today.

The use of satellite ground stations starting in April this year has made international news coverage prompter. Chinese TV spectators now follow closely the Iran-Iraq battles, Algeria's earthquake, UN conferences and international sports. Quick developments in economic reform, covering integration of factories and trades, growth of collective ownership, new relations between farm production, factory processing and the market, receive growing attention on TV. Domestic news breakthroughs include TV shows of court procedures and travel documentaries of beauty spots.

Facing severe criticism from TV viewers on the scarcity of new films, the TV station started its own productions. Forty-six TV plays from provincial stations entered the October 1 National Day TV programmes for the national service. On the proposal of Zhou Yang, chairman of the China Federation of Literary and Art Circles, a new art committee including noted musicians, dramatists, cinema artists and ballad singers will soon be set up to advise the radio and TV on literature and art.

Contracts of cooperation have been signed by the Chinese TV station with a number of countries including Yugoslavia, Romania, Korea, Britain, France and West Germany. One of the great hits that followed is a Chinese TV translation of Norway's TV production of Ibsen's "A Doll's House", shown with an introduction by leading Chinese dramatist Cao Yu. In his student days, he acted the role of the heroine Nora in the first Chinese stage production of the play nearly half a century ago. China has also cooperated with Japan in TV film production.

Radio Commentary on Broadcasting

OW200554 Beijing Domestic Service in Mandarin 1211 GMT 19 Oct 80

[Station commentary: "Run Broadcasting and TV Service Well To Serve the Four Modernizations"]

[Text] China's broadcasting service is 35 years old, running since Yanan's XINHUA broadcasting station became officially operational in September 1945. For the past 35 years, great progress has been made in China's broadcasting service under the leadership of the party. There are now 99 radio broadcasting stations, 38 television stations and over 2,300 closed-circuit broadcast stations in China. Programs beamed to foreign countries are broadcast in 38 foreign languages. The number of radio and TV sets is greatly increasing. Radio and TV sets are popular in thousands of households. They provide the people with substantial nourishment for the mind. Practice has proven that broadcast and television service is the party's powerful instrument for propaganda and education work.

At the 10th national conference on radio and television, deputies discussed experiences, both positive and negative, in radio and TV propaganda work over the past 30 years and more on the basis of the guidelines laid down by the 3d plenary session of the 11th CCP Central Committee and in documents issued by the central authorities. They put forward the basic task for the new period and worked out specific measures to fulfill this task. The conference pointed out: China's radio and television must develop themselves by following their own road, must bring into full play their own merits and special features and must do a still better job at serving the four modernizations.

Radio and television are modern instruments for propaganda and education work. Through the use of radio waves, the radio and television network sends out audio and video signals at high speed. They have a large audience and thus generate great influence on the masses. Just as Lenin said: Broadcasting represents a mass rally attended by millions of people. No other propaganda media can match radio and television service. The comrades on the front of broadcasting throughout the country must actively respond to the call issued by the national conference, study hard and wage arduous struggles, pay attention to the special features of radio and TV service, bring into full play their merits and strive to develop even better programs. We must run news programs promptly, so that the broad masses will be able to quickly and in timely fashion hear and watch news programs on domestic and international affairs and so that radio and television will truly become the center of public opinion on important news items.

We must use the media's mass nature to run educational programs well, so as to turn them into schools of the air for the masses to broaden their general and scientific knowledge. We must make use of the special features of the radio and video signals to broadcast varied and interesting literary and art programs to satisfy basic needs for enjoyment and recreation. Propaganda work on radio and television must center on the four modernization program, and accord with reality.

In carrying out radio and TV propaganda work, it is necessary to strengthen ideological and political work among the cadres and masses, guide the thoughts of all the people in the country onto the path of implementing the party's general line and task, and organize the people to work with one heart and one mind to build China with full confidence into a highly democratic, civilized and modern, powerful socialist nation.

Our broadcast stations are the mouthpiece of the party and the people. To run radio and television service well, first, it is necessary to strengthen party leadership. Second, it is essential to win the people's support. Third, it is imperative to rely on the joint efforts of all comrades in the field of broadcasting. We hope that the party committees at all levels will strengthen their leadership over our radio and television service. Leading cadres are welcome to come to the radio and TV stations to popularize the party's policies and answer questions which the masses greet with great concern. Specialists, scholars, artists, heroes and models and people of all walks of life are also welcome to come to the stations to discuss issues, exchange experiences and make performances so as to turn radio and TV stations into a platform for the people to express their own views and into a vast stage to carry out their cultural activities.

At present, the coverage of our radio and TV network is still not wide enough. Reception is still poor in many areas, particularly in fringe areas. The contents of our radio and television programs are far from being varied and interesting. However, following the development of our national economy and our progress in the fields of electronics and science and technology, we have already deepened our understanding of the laws governing the development of radio and TV service. All of these problems will be solved step by step. Radio and TV sets will be further popularized. Radio and television will provide better and more extensive service for the masses and play an even greater role in socialist construction. The future of radio and television service is bright. Let us go all out, work with one heart and mind, and strive to develop the people's broadcasting service!

DIRECT COUNTY ELECTIONS NOW IN 'FULL SWING'

OW191814 Beijing XINHUA Domestic Service in Chinese 0338 GMT 19 Oct 80

[Text] Beijing, 19 Oct (XINHUA)--Direct county elections in China are now in full swing. As of now, election activities have begun in 1,200 counties (including the autonomous counties, the cities not divided into districts and the municipal districts) throughout the country while 610 counties have already completed their elections. Direct election work in the remaining 900 plus counties will either be conducted this winter or next spring.

The election of deputies to the people's congresses at the county level directly by the constituency is a major event in strengthening the building of local political power. Much attention has been given to the election by the localities. To carry out the elections well, the various provinces, autonomous regions and municipalities directly under the central government have respectively established leading organizations to carry out the supervisory work. Before the elections started, most localities throughout the country had held meetings on election procedure and adopted a series of measures to prepare properly for the election ideologically and organizationally. They also made the necessary material preparations.

The people of China's various nationalities have shown much enthusiasm in electing their deputies to the county people's congresses. Strictly following the relevant regulations of the electoral law in exercising their democratic rights, they seriously and conscientiously elected the people's deputies of their choice. To give play to the role of the people's deputies, some localities that have completed elections have established or are establishing the people's deputy groups to work out a system of maintaining close ties between the deputies and the constituencies.

To promote the progress of direct county election work further, the office in charge of direct county elections in China and the Ministry of Civil Affairs recently organized seven work groups to make inspections in some provinces and municipalities in order to view the situation and sum up experience.

MEDIA REPORTS ON ACTIVITIES OF PLA UNITS

OW200312 [Editorial Report] The following reports of activities of Chinese People's Liberation Army units have been monitored from PRC media:

Beijing XINHUA Domestic Service in Chinese at 0143 GMT on 5 October reports that some military industry plants of the Beijing PLA units in the past 2 years have helped local communes and production brigades establish more than 20 light industry plants. The PLA No 3534 and 3502 plants have also helped them train their new workers. The same service at 0114 GMT on 19 October reports that the military surgeon, Fan Zhengxiang, of the PLA 263 hospital under the Beijing PLA units, an illiterate prior to enlisting, has now become a writer devoted to the popularization of science.

ECONOMIST WRITES ON NEED FOR MARKET REGULATION

OW181522 Beijing XINHUA in English 1505 GMT 18 Oct 80

[Text] Beijing, 18 Oct (XINHUA)--Socialist economy cannot do without planned management which must be achieved to a certain extent through market regulation, wrote noted Chinese economist Xue Muqiao in an article in the current issue of the journal ECONOMIC MANAGEMENT.

"Production as a whole and the people's welfare must be arranged according to state plan," Xue Muqiao said. "It is not suitable to put undue emphasis on regulation by planning nor to overemphasize adjustment through the market. Based on the experience of the past three decades, the state should keep control over the scale of construction and the extent of the rise in people's living standards."

An error in China's economic work of the 30 years was the incorrect ratio between accumulation and consumption, he said. During the 1952-1978 period, China's industrial production increased at an annual rate of 11.2 per cent, higher than any capitalist country. However, the people's living standards showed little improvement between 1957 and 1978 since the rate of accumulation was so high and economic effect of production so low.

"China should have started a period of economic rehabilitation immediately after the gang of four was overthrown in 1976," he said. Yet in 1978 the rate of accumulation was 36.5 per cent and the lopsided organization of the national economy was exposed thoroughly. A policy of economic readjustment was now being carried out to raise the people's living standards and cut down the rate of capital construction.

"In the next few years," Xue Muqiao said, "the increase in the national income will be used mainly to improve the people's welfare, including the building of more houses. The scope of the country's economic construction will not be expanded."

Xue Muqiao said that total accumulation and total consumption must be strictly controlled through state planning. The state must control the allocation of the total funds for capital construction as well as for many major construction projects. As for building or revamping small and medium-sized projects, bank loans and funds of various localities and enterprises should be used.

The economist suggested that the government relax controls over the distribution of industrial products and let factories sell their goods directly to the consumers. He said when the imbalance in the national economy was more or less solved and production and demand basically balanced, the government could cut compulsory production targets for such commodities as cotton cloth and rolled steel to the minimum. It would supply enterprises with reference targets and information on the market situation and guide their production. Price and taxation policies and bank loans and other methods would be used as regulators. This would stimulate the market and production would conform to the demand.

"In the past it was considered that market regulation was in contradiction with regulation by planning," said Xue Muqiao. "This is not correct. Regulation by planning is to be achieved largely through the market which will ensure a better balance of supply and demand. This means that many products are to be regulated through the functioning of the market to achieve control based on planning."

In the future, prices would be adjusted in accordance with the law of value, Xue Muqiao said. The government should not fix all the prices for all the hundreds of thousand kinds of commodities. It was better to let producers and sellers negotiate to arrive at prices. There was no danger of a general rise in selling prices, provided the state controlled the issuance of currency and regulated prices according to the law of value. The prices of the means of production which do not affect the people's living greatly would be adjusted earlier and those of essential means of subsistence will be readjusted later with prudence.

RENMIN RIBAO EDITORIAL VIEWS ECONOMIC INTEGRATION

OW190134 Beijing XINHUA Domestic Service in Chinese 0730 GMT 18 Oct 80

[*"Excerpts"* of RENMIN RIBAO 18 October editorial: "Vigorously Organize Various Forms of Economic Integration"]

[Text] Beijing, 18 Oct (XINHUA)--It is not accidental that economic integration has emerged and developed. It is a new type of economic organization commensurate with the development level of our country's current productive forces as well as an inexorable trend in the development of its socialist commodity economy. As regulation by the market is playing a role, there is competition between enterprises. Enterprises in various trades have to take the road of integration in the course of competition.

First, economic integration is conducive to developing light industry. Owing to a lack of raw materials, some light industrial enterprises have been unable to bring their production capacities into full play. Moreover, some local industries and industries run by communes and brigades have been developing rapidly. As a result, agricultural raw materials are now in great demand.

To solve this problem, efforts must be made to ensure that the task of allocating transferring raw materials according to the state plan is fulfilled. At the same time, light industry departments and enterprises may sign agreements and contracts with raw material-producing areas, communes, brigades, farms or forestry centers for cooperation, joint operation, processing, compensation trade or exchange of products. Through various forms of cooperation, they should build stable raw material bases or channels for the supply of raw materials. This is conducive to solving the problem of raw material supplies for light industry and to solving the problems of small enterprises squeezing big ones out and of blindly building factories in some localities. This means it is necessary to develop light industry through joint operation.

Second, economic integration is conducive to tapping potential in various fields and achieving better economic results. Economic integration on the basis of equality and mutual benefit can give full play to the potential manpower, financial and material resources of various localities and enterprises, create new productive forces and increase economic results. Some enterprises turn out good quality products which sell so well that they fall short of demand. They want to expand their production capacities but lack funds, factory buildings and manpower. On the other hand, other enterprises do not have enough production tasks to fully use their factory buildings, equipment and manpower. When both sides cooperate and make up for the other's deficiencies, they can double and redouble their output without increasing, or just by increasing a little of their investment, factory buildings and manpower.

Third, economic integration is conducive to reorganizing our industry in accordance with the principle of coordination between specialized departments and to socialized mass production. Industrial development and the progress of science and technology call for specialization and coordination. However, under the current system of economic management, enterprises are owned either by "departments" or by "localities." Thus, enterprises are only appendages to higher-level departments. This is why when we organize specialized companies or general factories, we invariably encounter contradictions between departments or localities. Such contradictions have obstructed the development of coordination between specialized departments. Putting economic integration into practice, we should take the interests of the concerned departments, localities and enterprises into account, which will facilitate coordination between specialized departments.

Furthermore, economic integration does not mean that factories producing the same kinds of products or coordinating in producing spare parts for some equipment are to be led by companies with an altered relationship between ownership and administrative authority. It means that key enterprises are to sign economic contracts with other enterprises for joint operation or production coordination. The establishment of joint companies is aimed at making it possible for them to better serve their subordinate factories in order to increase the economic results of the companies as a whole. This requires that within a company, power should not be concentrated but decentralized, that basic-level units should be allowed to maintain their independence and flexibility, that business accounting should be done at each level and that the basic-level units should be able to bring their enthusiasm and initiative into full play.

Because economic integration is something new emerging with the reform of the economic structure, it will inevitably give rise to some new situations and problems. Such new situations and problems call for us to make conscientious efforts to solve them by constantly studying them and summing up our experience. At present, the following problems await our study and solution: It is essential to give enterprises greater power of self-management. Recognition of enterprises' power of operation and self-management is a universal principle for commodity production and the key to promoting economic integration at present. It will be difficult for enterprises to fully use their favorable conditions, compete or integrate with others if they are not given greater power of operation and self-management or, in other words, if no corresponding reforms are carried out in planning, the supply of materials, labor, management, foreign trade and other fields. We should adopt flexible policies and support all forms of economic integration advantageous to developing production, linking supply and marketing and bringing about a prosperous economy. Our financial, pricing and taxation policies should play a positive, not a negative, role as economic levers in promoting economic integration. Before the whole economic structure is reformed in an all-round way, we should adapt our methods to existing conditions and take the initiative to do what should be done provided the state financial revenue is insured.

It is necessary to study and reform the leadership system in joint enterprises. Such enterprises are economic organizations formed on the principle of mutual benefit. Therefore, their leadership system should embody the spirit of coordination and mutual responsibility.

Joint enterprises may experiment in setting up boards of directors and in the system of responsibility of managers or factory directors under joint committee leadership. The parties to a joint enterprise have no right to unilaterally change a decision by the board of directors or the joint committee, nor should administrative departments intervene at will. The party organization of a joint enterprise should be under the leadership of the local party committee and should politically play a guaranteeing and supervisory role in the management and operations of the enterprise. Such collective leadership is something new to us and should be vigorously tried out. We should constantly sum up our experience in this regard in order to gradually perfect this system.

Departments responsible for economic work at all levels should strengthen their leadership; do a good job in serving and coordinating enterprises, making overall planning and supervising them; and uphold the principle of organizing joint enterprises under the guidance of the state plan. Without a clear understanding of the country's economic situation as a whole, some enterprises often proceed from their own needs or those of their localities, and they have many limitations with regard to expansion of their production capacity and investment. There are a number of cases in which enterprises blindly carry out production, expand or develop into new "big and all-inclusive enterprises" or "small but all-inclusive enterprises." Economic departments responsible for economic work at all levels should strengthen their leadership, do a good job in striking an overall balance, making market forecasts and issuing circulars on production and demand. They should also guide enterprises in combining their enthusiasm for integration with the rationality of developing production and in avoiding blindness in order to make economic integration subordinate to the general principle of readjusting the national economy.

RADIO CONTINUES LECTURE ON IMPROVING FOREIGN TRADE

OW171130 Beijing Domestic Service in Mandarin 2315 GMT 14 Oct 80

[Second half of 14th lecture--in a series on commerce and economics entitled "Develop Foreign Trade, Promote the Four Modernizations"--by (Zhao Xiping) of the Foreign Trade Ministry, entitled "Improving Exporting Is the Key to Developing Foreign Trade"]

[Excerpts] Exporting is the foundation of importing as well as its prerequisite. This means that, if there were no exports, there would be no imports. Therefore, the key to developing foreign trade is to push the growth of exports. How can exports be developed rapidly to speed up the growth of foreign trade? In the light of the actual situation in our country, it is necessary to make great efforts in the following directions:

1. It is essential to vigorously grasp the production of export goods in accordance with the needs of international markets. The principal problem concerning exports now is that the goods suitable for marketing are generally insufficient. "Goods suitable for marketing" means those goods that can meet the needs of consumers abroad with regard to quality, specifications, variety and packaging. Production is a decisive factor. It is the foundation and it decides the circulation of goods. Therefore, production must be pushed forward in order to develop foreign trade. To boost production of export goods and enlarge the number of goods for export, it is also essential for us to do a good job of building production centers, special factories and special workshops designed particularly to produce export goods.
2. It is essential, on the basis of the development of production, to make overall planning and all-round arrangements, to correctly handle contradictions between goods for domestic consumption and those for export, and to strive to increase the quantity of export goods.

Such contradictions exist objectively. To handle them correctly, it is essential to apportion our limited annual industrial and farm products between domestic consumption and exports. Neither our industrial nor our farm products are plentiful, due to economic backwardness and a large population, and can hardly meet the people's increasing material needs. However, it is necessary to designate part of our production for exports in order to gain foreign exchange needed for imports. This is the basic cause for the existence of contradictions between goods for domestic consumption and those for export.

3. It is essential to improve the organization of foreign trade vigorously and firmly. This is one of the significant measures in boosting the production of export goods and in genuinely solving the above-mentioned contradictions. The main problems concerning the organization of foreign trade are: too rigid control, too many undiversified enterprises lack self-management, production and marketing are not coordinated, administrative methods are used to control the economy, and the principle of material well-being is ignored. Such a system dampens the enthusiasm of local production and marketing units, particularly the enthusiasm of enterprises, and separates production from consumption. In other words, it disconnects the relations between domestic production and the needs of international markets. It is neither beneficial to improving the quality, specifications and variety of export goods nor to the inspiration of increasing exports. Therefore, it is very pressing and necessary to reform the present organization of foreign trade.

In reforming the organization of foreign trade, the general spirit should be: under the guidance of a planned economy, bring strong points into play, protect competition and push the development of coordination; and on the foundation of boosting the economy, strengthen unified management so that the result of "there is control but it is not rigid, and the economy is alive and is not in confusion" will be achieved in reforming the organization of foreign trade.

4. It is essential to vigorously promote work on transportation.

5. It is essential to consciously improve the operation and management of foreign trade enterprises. The present situation at home and abroad is highly beneficial to the development of our country's foreign trade. Under the leadership of the party Central Committee and the State Council, we must do our work well and rapidly push the development of foreign trade so as to serve the modernization efforts still better.

BEIJING RADIO REPORTS ARTICLE ON HOW TO LOOK AT DAZHAI

OW181100 Beijing Domestic Service in Mandarin 0900 GMT 17 Oct 80

[Report on article by (Han Xing) published in No 7 issue of XINGUANCHA ZAZHI (NEW OBSERVATION JOURNAL) (2450 6034 1390 7177 6125) in 1980: "How to Look at Dazhai"]

[Text] The article says: People may still remember how all fronts of work throughout the country went all out to learn from Dazhai in the past when Dazhai production brigade was the most popular in our country. Dazhai was not only the example for agriculture but also a model for other fields such as culture, education, public health, family planning, militia work, finance and economy, foreign trade and commerce. During the hey-day of the gang of four, Dazhai went beyond the universal example and become an example for all-round dictatorship of the proletariat. Dazhai at that time not only was an example to be learned from by the people of the whole country, but also represented the correct orientation for our historical advance.

As a result, Dazhai experience became increasingly ingenious. This so-called Dazhai experience was clearly explained in a remark by a former responsible member of Dazhai production brigade, who was once concurrently a cadre himself at five different levels, namely, the central authorities, province, prefecture, county and commune.

He said: "If our Dazhai production brigade made any contribution to socialist revolution and construction, it would be the socialist revolution that we have carried out in an extensive, penetrating and sustained way in various realms of the superstructure under the guidance of the party's basic line over the past 20 years."

What was the target of this revolution? As described by Xiyang County while learning from Dazhai, this socialist revolution is not only a process of learning from Dazhai but also a process of identifying the bourgeois elements within the party. This remark by Xiyang hits the nail on the head. Actually the so-called Dazhai experience had long been distorted, becoming a component of the gang of four's political strategy. Meanwhile, thanks to the painstaking arrangements by its former responsible member, the Dazhai production brigade became a representative of the ultraleft line in our rural areas.

The article says: What profound lessons have we learned from the movement of learning from Dazhai in agriculture? We have learned at least the following lessons: First, a model is not a god. This lesson is applicable to all units. When Dazhai was most popular and regarded as an outstanding and faultless unit, people of good sense had no faith in Dazhai. This was simply because Dazhai's achievements ran counter to the objective laws governing the development of things, unless such achievements were fabricated. There is actually no god on earth. The Dazhai brigade is not a god, and this is also true of the former responsible member of Dazhai, as well as of those who created the fairy tale of Dazhai. It is an outcome of feudalist thinking to describe a model as a god who is forever and always correct. In point of fact, this feudalist thinking has absolutely no concrete foundation whatsoever.

Second, the Red Banner should not be rolled up and used as a stick to attack others. After becoming a model recognized by everyone, a conceited and arrogant work style began to appear in Dazhai brigade under the influence of that former responsible member of the brigade. Dazhai thus became a tiger whose backside no one dares to touch. Those who criticized Dazhai or made any comment on Dazhai's certain mistakes and shortcomings in work would be regarded as opposing Dazhai. The logic at that time was: "'In agriculture, learn from Dazhai'. This is a supreme instruction. To oppose Dazhai is to oppose the supreme leadership and the revolution. Those who oppose Dazhai should be arrested and sent to jail." It was reported that a tenant peasant by the name of (Ye Zengshou) wrote to the leading comrades of the central authorities with regard to some questions of Dazhai brigade. Condemned as an active counterrevolutionary who wrote and delivered counterrevolutionary letters to viciously attack the Red Banner of Dazhai and wantonly oppose the movement to learn from Dazhai in agriculture in a vain attempt to overthrow the dictatorship of the proletariat, (Ye Zengshou) was sentenced to 18 years imprisonment. After he was arrested, some 70 persons were involved, including (Ye Zengshou's) family members, relatives and colleagues. (Ye Zengshou's) wife was isolated for investigation and later forced to divorce him. Maltreated by the authorities, his father, who nursed a grievance, tried to commit suicide but failed. It is indeed a tragedy to roll up the Red Banner and use it to attack others. The case of (Ye Zengshou) is not the only one, because at least more than 100 persons were condemned as counterrevolutionaries and suffered all kinds of persecution as a result of opposing Dazhai. This is a shocking figure.

Third, something extreme is invariably connected with expectation. The Dazhai experience was a positive one in its early stages. After being deified, the plain Dazhai experience became coated with a flavor of metaphysics, thus becoming tainted with ignorance and wild expectations. However, this absolutely has nothing to do with the work style of a handful of individual leaders because many ultraleftist work methods practiced by Dazhai satisfied the political needs of Lin Biao and the gang of four.

Some of these methods are primarily expressed by the following: 1) Conduct one-crop farming of grains. Regarding food crops, Dazhai concentrated all its efforts on growing high-yielding corn crops. Instead of paying greater attention to a diversified economy, Dazhai regarded those who wanted to promote a diversified economy as only paying attention to money and as having problems with the party line; 2) Mistakenly regard the family plots, household sideline occupations of peasants and country trade fairs as capitalistic practices and thus oppose them. 3) Instead of calculating the construction costs and economic results, Dazhai gave arbitrary feudal and paternalistic directions in launching farmland capital construction. 4) Regarding labor management, Dazhai rejected the remuneration system based on a fixed amount of completed work. Workpoints were calculated every six months or every year. This practice of "everyone eating from the same big pot" violates the principle of "to each according to his work." 5) Make the production brigade the basic accounting unit instead of the production team when the production team is poor. All these methods, which are based on a natural economy and egalitarianism, represent a peasant economy and have nothing to do with scientific socialism.

The article says: The road taken by Dazhai is a tortuous one. The people of the Dazhai brigade have been deceived by the ultraleftist line for a long time. They were forced to follow the gang of four in total violation of their own interests and free will. Although the gang of four has been smashed, we should never underestimate their remaining influence. Efforts should be made to criticize those ultraleftist methods promoted by the gang of four through the Dazhai brigade. Only by doing so will it be possible for us to implement the various rural economic policies laid down by the party and help the masses become prosperous quickly.

XINHUA SURVEY EXAMINES FUEL CONSERVATION PROBLEMS

OW191041 Beijing XINHUA Domestic Service in Chinese 0224 GMT 18 Oct 80

[Report by XINHUA correspondent Liu Wanlang and XINHUA reporter Ji Naifu: "It Is Essential To Conserve Refined Petroleum Products in a Practical Way"]

[Excerpts] Beijing, 18 Oct (XINHUA)--The conservation of refined petroleum products is important for the conservation of energy. The potential is great in our country. First of all, the following two illustrations are given to explain the situation:

The livelihood management office of the Anshan Iron-Steel Company runs 118 dining halls. In the past, it used some 40 or 50 and even more than 100 motor vehicles to deliver food grain and used portable tractors to bring in meat and vegetables daily. Since October 1977, it has restored the unified transportation system for food grain and vegetables, which was adopted before the Cultural Revolution, and now uses only 2 motor vehicles to deliver food grain daily, thus conserving more than 590 dun of fuel annually.

The production units of the Shanghai Municipal Textile Industry Bureau had more than 1,440 motor vehicles. In 1980 they impounded some 1,200 of them and use only about 200 of them under a unified management system, consequently conserving more than 60,000 liters of fuel in the first half of 1980 and also overfulfilling the transportation plan.

According to statistics compiled by the relevant departments, if oil conservation measures were taken for half of the motor vehicles in the country, the total refined petroleum products conserved could reach the total annual output of the Daqing oil refinery.

In view of the seriousness of the waste of refined petroleum products, the relevant central department has issued directives on several occasions and mapped out measures asking the various localities to take measures and do their best to conserve refined petroleum products as long as the oil supply for production and livelihood is ensured. However, at present, only Liaoning, Nei Monggol, Jilin and Heilongjiang have taken effective measures for oil conservation for motor vehicles. Many provinces, municipalities and autonomous regions have only made an ordinary call for such oil conservation, and a number of other localities have basically done nothing, not only because a number of the relevant leading departments and leaders have paid no attention to oil conservation, but also because there are the following problems, which need to be studied and solved.

1. There is the contradiction between the reduced supply of refined petroleum products and the increased distribution of mechanical equipment and motor vehicles owing to the over-fulfillment of their production quotas. In 1980 the supply of refined petroleum products has been reduced by 10 percent compared with last year, but the production quotas for oil-consuming mechanical equipment have largely been overfulfilled. For example, 92 percent of the annual motor vehicle production plan was fulfilled in the first 6 months.
2. There is the contradiction between the local profitmaking plans and the assigned fuel selling plans. For example, the Dali county petroleum company in Shaanxi Province is a national advanced unit in unified distribution and supply, but locally it is a backward unit for its failure to fulfill the profit quota.
3. There is the contradiction between the increase in the diesel-consuming industrial units and the reduction in the industrial consumption of fuels. More than 80,000 dun of fuel was conserved in the first half of 1980 through reduction in industrial oil consumption, but this year the state has approved 16 new oil-consuming units and their oil consumption reaches 160,000 dun. These units have asked for 100,000 dun of oil in 1980.
4. A large number of old, oil-burning motor vehicles have been impounded but have been reused. Many units have sold the impounded old cars to agricultural consumers.
5. The local small oil refineries have sold their products locally, thus disturbing the unified purchase and selling of refined petroleum products and increasing social consumption.

SUSPENSION OF MAGAZINE 'TODAY' PROTESTED

OW191221 Hong Kong AFP in English 1100 GMT 19 Oct 80

[By Francis Deron]

[Text] Beijing, 19 Oct (AFP)--Activists in Beijing have protested against the "administrative control of culture" and called for support from intellectuals in order to win the right to publish their unofficial magazine TODAY. The magazine's leaders voiced the appeal in a recent "open letter to figures in the capital", protesting the police intervention which led to its publication being suspended. TODAY [words indistinct] which emerged from the "Beijing spring" human rights and democracy movement last year.

The authorities had ordered the activists running the magazine, featuring mainly poetry, literature and art which had until then been semi-underground, to register it with the authorities. But although they tried to register with the authorities in mid-September there has been no official response.

"We sincerely hope that all those in the literary and art world, from the press and publishing and those involved in technical, scientific and educational work in the capital will give active support to our just demands to enable us to continue publishing TODAY as soon as possible", the group said in its "open letter". The activists stressed the need to "bring democracy to art" in China by rejecting "cultural autocracy and the control of culture by administration decree".

Recently there have been more and more calls, including some in the official press, from those involved in the country's cultural life demanding a reduction of official controls on literary and artistic creation. There have been 10 issues of TODAY since it first came out in December 1978. The first week of the Beijing spring, over 10,800 copies were distributed.

The activists are angry at the police measure which led to the suspension of their magazine, the last of all the non-official publications circulating in the capital last year to have survived the clampdown on dissidents in Beijing. They stressed that in addition to the foreign press even official Chinese publications have reproduced some of the literary items they published.

"Moreover it is clear that we did not break the law as there was no law to break", they said throwing into relief the fact that the freedom of publication stipulated in the Chinese state constitution is not backed up by any law protecting it. Chinese authorities recently adopted a "regulation" on publishing laying down penal sanctions against publishers who are not officially registered.

RENMIN RIBAO COMMENTATOR ON BUREAUCRACY IN COMMERCE

OW200934 Beijing XINHUA in English 0843 GMT 20 Oct 80

[Text] Beijing, 20 Oct (XINHUA)--Today's PEOPLE'S DAILY carries a commentator's article urging a clean sweep of the bureaucratic style of work in commerce. It recommends competition as a good remedy to cure the malady.

Though many commercial departments have improved their management in the past two years, the article says, such a style of work still plagues a number of localities, causing losses to both producers and consumers. Among its manifestations:

-- Ignorance of market demands, caring neither losses or waste; [as received]

-- Refusal to study economic problems and other professional expertise, using political claptrap to cover up incompetence;

--Lack of interest in the art of business management, taking a rude attitude toward customers; and

-- Abuse of power to monopolize business and oppose competition.

All this is "a reflection of remnant feudalism in modern economy," the article says. Much has to be done to get rid of it and the most important is to carry through the reform of economic administration, it adds. Competition in the economic sphere over the past two years has brought pressure to bear on those "official businessmen" who do not know their jobs and who refuse to learn, the article notes. "This is excellent," it says. "We should take firm steps to protect and encourage competition."

BELJING RIBAO ARTICLE CALLS FOR NOT TELLING LIES

OW181035 Beijing Domestic Service in Mandarin 0900 GMT 17 Oct 80

[Report on Beijing RIBAO 13 October contributing commentator's article: "Strive To Do Away With the Bad Habit of Telling Lies"]

[Text] The article says: With the restoration and development of the fine tradition of seeking truth from facts since the 3d plenary session of the 11th CCP Central Committee, there have been an increasing number of people telling the truth and fewer and fewer people telling lies in economic activities and political life both inside and outside the party. However, judging from the exposure of the former principal leader of the Ministry of Petroleum Industry taking an abominable attitude toward the capsizing of the Bohai No 2 oil rig and the former leader of the Xiyang County party committee making false reports on the county's grain output, there are still some people in the party who often tell lies. This shows that a lot of work still needs to be done in order to do away with this bad habit.

There were people telling lies before the Cultural Revolution. Making idealism and metaphysics rampant, Lin Biao, the gang of four and company went all out to advocate the swindler philosophy that "there is no honesty to speak of in politics, and no important task can be accomplished without telling lies." This swindler philosophy perniciously influenced many people. As a result, telling lies was all the rage for a time. Even now, people still deeply feel the pain this running sore has brought to the body of the party and the damage it has done to the socialist cause.

As far as those cadre who have contracted the bad habit of telling lies are concerned, their cases vary. Generally speaking, they can be divided into two kinds: One kind is those who wilfully cheat and bluff people. Blinded by their selfish desires, they pass off falsehood as truth and make irresponsible remarks as they please or cater to others' likes and trim their sails in order to cover up the truth. They often describe what they have not done or even what they are not planning to do as what they are working hard on. They describe what they have just begun to do as what they have completed and 70 or 80 percent of their achievements as 100 or even 120 percent. They even describe evidently bad persons and evil deeds as good persons and fine deeds and so on and so forth. Such persons are small in number.

The other kind is those who tell lies inadvertently. Losing contact with reality and seldom making investigation and study, they readily place trust in others, fail to tell the true from the false and echo the views of others. Thus, they are deceived. Or they have no idea of how things stand, are overeager for quick results and talk big but cannot make good. As time passes, such big talk becomes lies. Or they, because of certain pressures, have no alternative but to make remarks not in conformity with the facts. Such comrades are comparatively large in number.

The article says: We must now make efforts in many aspects to get rid of this bad habit of telling lies in order to rectify the party's work style and to ensure the smooth development of the four modernizations. The main methods to be used are:

1. It is necessary to step up the education of the people in persistently seeking truth from facts in order to create an atmosphere in which it is respectful to tell the truth and shameful to lie. Vigorous efforts should be made to publicize typical cases and exemplary persons and to promote the fine qualities and styles of seeking truth from facts and being honest, open and aboveboard in connection with the four modernizations and the practice of party political life. It is essential to expose the abominable behavior of talking big, telling lies and cheating and bluffing people and to criticize the swindler philosophy spread by Lin Biao, the gang of four and company. Our comrades should be made to understand that any lies, no matter how clever, cannot stand the test of practice and that the whole truth will come out sooner or later. All those who deceive the party and other comrades by telling lies and refuse to get rid of this bad habit may benefit from their lies for a time but will eventually have to pay for this bad habit.

2. It is necessary to give full scope to socialist democracy in order to create a wholesome atmosphere in which people are willing to and dare to tell the truth. Principal leading comrades, especially those at higher levels, should conscientiously prevent and eliminate patriarchal behavior and make earnest efforts to promote socialist democracy. They should treat followers as equals, unhurriedly discuss matters with them and listen carefully to their differing views. They should strictly follow the principle of not seizing on others' faults, not putting labels on people and not using the big stick. They should listen to whatever is true no matter how unpleasant to the ear.

3. It is necessary to make conscientious efforts to ensure that a good job is done in selecting and using cadres. In observing and knowing cadres, close attention should be paid to their work and actual contributions. Bureaucracy and personal transient likes and dislikes must be avoided by all means in judging people. We should fully affirm the achievements of and boldly use those capable comrades who pay close attention to reality, dare to tell the truth, have original ideas, work hard, do not seek personal gain and make constant progress in their work. Those who often tell lies, seize every chance to seek personal gain and underserved reputations and do not do honest work must never be promoted to important positions.

4. It is necessary to strictly enforce party and government discipline and legal sanctions. In this way, those who cause losses by seeking personal gain through fraud will not be able to benefit from such behavior but will be educated, criticized or even punished. Leaders who connive at their subordinates' telling of lies or hint, induce, order or force the latter to do so should be investigated. It is necessary to encourage, commend, protect and support those comrades who dare to wage a resolute struggle against liars in defense of the interests of the party and the people. Whoever tells lies and overtly or covertly retaliates against others exposing his lies must be dealt with sternly.

GU MU ATTENDS CITY PLANNING WORK CONFERENCE

OW181113 Beijing XINHUA Domestic Service in Chinese 1524 GMT 16 Oct 80

[Excerpts] Beijing, 16 Oct (XINHUA)--Based on the country's experiences in city planning and construction and emancipated ideology, the national city planning work conference, which concluded on 15 October, probed into the avenues of city construction and development and put forward some good proposals in the light of the policies and systems.

The representatives maintained that a legal system should be formulated as soon as possible for city planning. They all pointed out: City planning is the blueprint for long-term city development and is the basis for designing and managing the various city construction projects. However, despite 30 years of engagement in construction, some leading comrades still do not understand the significance and role of city planning. These comrades have paid attention only to industrial construction but not to city construction. They have regarded city construction as dispensable and have often used administrative orders to replace the science of city planning. To change such a situation in which "there is only personal rule but no legal system," it will be imperative for the state to formulate special laws, specifying the tasks in city planning and the methods of mapping out, examining, approving and managing the planning and to guarantee the enforcement of the planning.

The conference proposed that, in city construction, it is necessary to carry out consolidated development. The representatives pointed out that building public city facilities separately according to individual plans is a big waste of funds and time and that such a method will easily throw city construction into chaos. To enable city planning to actually guide construction and become a reality, the conference held: all city construction projects should be placed under unified arrangements by the city.

The national city planning work conference was approved by the State Council and was convened by the State Construction Commission. Attending the conference were responsible persons of the construction commissions, city construction departments and planning departments of the various provinces, municipalities and autonomous regions; responsible persons in charge of city planning from the capitals and major cities of the various provinces; and representatives of the departments of the state council concerned, the All-China Trade Union Federation, the CYL Central Committee, women's federations, schools of higher learning and designing and scientific research units concerned, totaling over 290 people. Vice Premier Gu Mu attended and spoke at the conference.

'TAIWAN' STUDENTS STUDY AT GUANGZHOU'S JINAN UNIVERSITY

OW161434 Beijing XINHUA Domestic Service in Chinese 0833 GMT 16 Oct 80

[Text] Guangzhou, 16 Oct (XINHUA)--The Taiwan students at Guangzhou's Jinan University are studying hard and living happily. Principally intended for Overseas Chinese, Hong Kong and Macao compatriots as well as Taiwan compatriots, Jinan University has admitted more than 20 students of Taiwan origin since classes resumed in 1978. Some of these Taiwan students are from various localities of the motherland and some from overseas. They study in the medical college and departments of physics, mathematics, chemistry, Chinese language and literature, economics and foreign languages. Nurtured and educated by the school party organization, they apply themselves seriously to their studies and have achieved good results. Nurtured in a good study style at the university, some Taiwan students returning from abroad have further enhanced their patriotism.

The teachers and students of Jinan University take good care of the Taiwan students. If they encounter difficulties in their studies, the teachers help them make up the lessons they have missed. When encountering difficulties in their livelihood, everybody warmly shows concern and assists them.

HEALTH MINISTER QIAN XINZHONG INSPECTS RURAL GUANGDONG

HK190606 Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 18 Oct 80

[Excerpts] Minister of Public Health Qian Xinzhong recently inspected public health work in rural Guangdong. He consulted basic-level cadres and medical personnel on the question of how to properly solve the peasants' problems in obtaining medical treatment and medicine in the new situation in which the agricultural policies are being readjusted and the production responsibility system linked to output is being promoted.

Comrade Qian Xinzhong arrived in Guangzhou on the afternoon of 1 October after leading a PRC public health delegation on a visit to Singapore. From 2 to 11 October, he and (Zhang Ting), director of the provincial Public Health Department, and others visited over 10 counties and municipalities in Meixian, Shantou and Huiyang Prefectures to investigate the new situation in rural public health work.

Comrade Qian Xinzhong showed great concern for the peasants' problems in medical treatment and medicine. He held: In the current new situation, to solve these problems well it is necessary to properly readjust the rural medical structure and seriously solve the problems of the cooperative medical system. He said: The cooperative medical system is a good method of solving the peasants' problems of disease prevention and treatment in the current stage. Its orientation is correct. However, due to the great differences between conditions in various places, there are many forms of the cooperative medical system. Hence, the system must be applied in the light of local conditions and should not be practiced in a uniform way regardless of those conditions. The current problem we must concentrate on solving is: the cooperative medical system must conform to the changes in rural economic policies and the necessary reforms and readjustments must be carried out accordingly. We must thus insure that the system conforms to the rural economic policies and that the peasants enjoy convenience in obtaining medical treatment and medicine.

We must not disband the public health centers and barefoot doctors in places where the foundation of the collective economy is relatively weak and where it has always been impossible to raise the individual share of the cooperative medical service costs, the state and the collective must strengthen leadership and support and apply the method of paying medical treatment expenses. In short, we must insure that the rural areas have doctors and medicine and that the peasants have someone to tend them when they fall ill. However, we must solve the problem of remuneration for barefoot doctors. We must continue to train barefoot doctors and improve their professional and technical standards.

HUBEI FIRST SECRETARY MEETS SHANGHAI WRITERS

OW171435 Shanghai City Service in Mandarin 2300 GMT 16 Oct 80

[Text] WEN HUI BAO report: The revived Shanghai Federation of Literary and Art Circles organized its first visiting group--comprised mostly of writers--to visit (Gezhouba), Chongqing and other places. The group returned to Shanghai by ship on 16 October. The group, consisting of 20 old, middle-aged and young writers, traveled 10,000 li in 20 days. The tour has broadened the writers' vision of art and enriched their creativity. Comrade Chen Pixian, first secretary of the Hubei Provincial CCP Committee, met with the visiting group.

HUBEI HOLDS CONFERENCE ON YEAR-END DISTRIBUTION

HK180757 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 16 Oct 80

[Excerpts] The Hubei Provincial CCP Committee held a conference on rural year-end distribution from 6 to 14 October to analyze the current rural situation in the province and discuss this year's distribution work. The meeting also studied management work centered on strengthening and perfecting the production responsibility systems. Comrade Huang Zhizhen delivered a summation speech.

The conference held: Making a success of this year's distribution work, perfecting the production responsibility systems and rectifying management in connection with this work are very important for stabilizing the overall situation, developing the excellent situation, mobilizing the cadres' and masses' socialist activism and winning a bumper harvest next year. This year the army and people in the province united to fight natural disasters and won great victories. However, due to the seriousness of the disasters, the province's grain, cotton and oil production will show relatively large declines compared with last year, while production costs will have increased. In addition, production responsibility systems have been established throughout the province this year and the scope of items covered by contracts has expanded, while the damage done by natural disasters varies in different places and there are extremely great discrepancies between areas with abundant harvests and those with poor. Hence, the year-end distribution work will be more complex and arduous than previously.

At present, the rural areas of the province are enjoying political stability and unity. The party's policies are becoming ever more popular, while the rural economy is becoming ever more lively. In distribution work, although grain production has fallen, there has been a relatively rapid and great development of diversification and industrial and sideline production. We have the conditions for making a success of yearend distribution work. We should correctly understand the situation, establish confidence, strengthen leadership, step up political and ideological work and do a thoroughly good job of this year's distribution work.

The conference held: Production teams that have increased production and income must insure that the collective accumulation and the peasants' incomes both increase on the basis of insuring the fulfillment and overfulfillment of the state procurement quotas. Production teams where production and income are the same or slightly lower than last year must strive to fulfill the state procurement quotas and try not to reduce accumulation, or to reduce it only a little, and to avoid reducing the peasants' distribution levels. Production teams where production and income have fallen greatly must have their state procurement quotas appropriately readjusted downwards in accordance with the policies. The collective can accumulate less or nothing. They must insure that the peasants have a certain distribution income. Places in flood diversion areas and where embankments have burst, thereby suffering particularly great disasters, should be provided with the necessary state support in accordance with their circumstances on the basis of carrying out self-salvation through production. It is necessary to do really well in arranging the masses' livelihood.

The conference pointed out: In distribution among the peasants within the collective, it is necessary to further overcome egalitarianism and implement the policy of distribution according to work. In accordance with this year's conditions, it is first necessary to get a good grasp of economic stocktaking and verify output and income. It is necessary to proceed from reality and calculate and fulfill the production responsibility system contracts, including the cadres' post responsibility system. Where fulfillment of the contracts has not been affected or has only been slightly affected by natural disasters, it is necessary to persist in fulfilling the contracts in accordance with the final calculation. Where production tasks stipulated by contracts cannot be fulfilled because of natural disasters, the final calculations should be based on actual conditions after democratic discussion by the masses and after appropriate readjustments. In areas hit by particularly great disasters where the entire process of calculating and fulfilling the contracts is difficult, the calculations can be made according to crop or growth stage, and partial calculations and fulfillment of contracts can be done in this way.

The conference stressed: Whether in areas of heavy or light disasters or bumper harvests it is necessary to devote attention to and place the focus of work on increasing production and income during the predistribution period in order to raise distribution levels. The rural areas must harvest late rice and cotton with care, develop more diversification opportunities in light of local conditions and organize income.

The conference demanded that in connection with year-end distribution, all places seriously study, discuss and implement the central document on further strengthening and perfecting the agricultural production responsibility systems, clarify their thinking, unify their understanding, implement action and democratically decide on the production responsibility systems for next year. Units that can sign contracts should make the contracts a regular system. While improving labor management, it is also necessary to further straighten out the financial management system and put it on a sound basis.

HUBEI RADIO DENOUNCES MISAPPROPRIATION OF FUNDS

HK190727 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 18 Oct 80

[Commentary by station editor: "Strictly Observe Financial and Economic Discipline and Curb the Practice of Submitting False Reports"]

[Text] In the wake of the readjustment of the national economy and the reform of the economic system, and especially of the continuous development of the market economy and the relaxation of the party's economic policies, many enterprises have now gained varying degrees of decision-making rights over fiscal matters, capital and so on, while their floating capital and its sources and channels have increased. According to their situation, enterprises have allocated part of the capital they have obtained through developing production and making a success of management to promoting expanded reproduction and improving the workers' living conditions, seeking the interests of the state and the welfare of the workers. This is right and proper and should be advocated.

However, we must also realize that a few people have made use of this opportunity to fish in muddied waters. They either pay out money to people in an unplanned and unrestrained way or resort to the method of submitting false reports and making various pretexts or even ignoring the constraints of financial and economic discipline in order to expand the source of capital in improper ways. An outstanding example of this is the ferro-alloy plant of the Wuhan Iron and Steel Corporation, which misappropriated over 400,000 yuan in profits in 2 years that should have been handed over to the state.

Some comrades hold: Now that the idea of showing concern for the masses' living conditions has been advocated, it does not matter if a bit more money is paid out to people. This is an incorrect idea.

Caring for and improving the masses' living conditions must be based on developing production. It is necessary to act according to principles and refrain from following crooked paths. To divert state money to the enterprise and to change money for the "great public" into money for the "small public" is to undermine the state and lead the masses onto an unhealthy road.

We are now approaching the end of the year. The enterprises are about to start their work of taking year-end material inventories. The departments concerned and the leading comrades of the enterprises must resolutely act according to party policies, strictly observe financial and economic discipline and avoid incidents similar to that of the Wuhan ferro-alloy plant. At the same time, it is necessary to handle relations between the state, the enterprise and the workers well so as to support the building of the four modernizations.

CHANGSHA STUDENTS END STRIKE OVER ELECTION INTERFERENCE

OW171357 Paris AFP in English 1225 GMT 17 Oct 80

[Text] Beijing, 17 Oct (AFP)--More than 4,000 Chinese provincial students have ended a three-day-old hunger strike, the first of such scope since a clampdown on "Beijing spring" dissidents last year, after being promised an enquiry into alleged government interference in a campus election.

The strike arose at Changsha, capital of Hunan Province where the late Chairman Mao Zedong was born, after local party action against a four-year college student married to an American teacher at the college, Judy Shapird. The student, Li Heng, from Hunan Normal College, one of six student candidates standing as college representatives, had an unusual electoral programme in which he said he did not believe in Marxism. Instead he said, he stood for scientific socialism. At the same time he expressed support for the policies of party Vice-Chairman and strongman Deng Xiaoping, Premier Zhao Ziyang and party Secretary General Hu Yobang.

According to reliable reports reaching here today, local party officials made it virtually impossible for Mr Li to be elected, and his and two other candidacies were withdrawn. The three saw this as a blow to the democratic process.

Officials had given assurances that an enquiry commission would look into the students' complaints, the reports said.

Initially, 30 students from Hunan Normal College and seven from Hunan University started the hunger strike, spending three days and nights outside party headquarters in cold, rainy weather. 17 of them later fainted. The students outside the headquarters carried banners saying "down with bureaucracy, down with feudalism, and long live democracy," the reports said. The demonstrators called for new elections, the resignation of an unidentified local party leader, a Central Committee Commission of inquiry, and a guarantee that no action would be taken against them.

Last autumn students from several Beijing universities took to the streets in protest against the presence of army units on their campuses.

MAO ZHIYONG ADDRESSES HUNAN RURAL WORK MEETING

HK180514 Changsha Hunan Provincial Service in Mandarin 1100 GMT 17 Oct 80

[Excerpts] A conference of secretaries of county CCP committees, convened in Changsha by the Hunan Provincial CCP Committee, concluded on 16 October. The meeting studied and implemented the spirit of the Third Session of the Fifth NPC and the forum of first secretaries of provincial, municipal and autonomous regional CCP committees convened by the central authorities. In connection with the actual situation in Hunan, the meeting concentrated on studying rural work problems, especially the question of how to further strengthen and perfect the agricultural production responsibility systems.

The conference pointed out: The general demand on future rural work in the province is to firmly continue the advance along the line, principles and policies decided by the 3d Plenary session of the 11th Central Committee, further emancipate our minds, relax the policies, take advantage of the superior features, consolidate the collective, strive for an all-round upsurge of agricultural production and the gradual enrichment of the peasants' living standards and strive to accomplish agricultural modernization.

The conference held: The central document on further strengthening and perfecting the agricultural production responsibility systems is a summation of the agricultural management experiences of the past 30 years. It solves important policy problems in current rural work and is of farreaching importance for developing agricultural production. We must seriously study it and do very well at implementing its spirit in connection with the actual situation in Hunan.

Hunan Provincial CCP Committee First Secretary Mao Zhiyong made an important speech at the conference. In his speech he proposed the following 10 policy measures for enlivening the Hunan rural economy: 1) Gradually readjust the internal structure of the province's agriculture to make it more rational; 2) vigorously develop forestry; 3) speed up the development of animal husbandry; 4) step up the development of aquatic products; 5) further consolidate and strengthen the commune and brigade enterprises; 6) actively encourage and support the peasants in undertaking domestic sideline occupations; 7) enliven the circulation of agricultural and sideline products; 8) properly implement the policies for minority-nationality areas; 9) truly respect the production teams' ownership and decision-making rights; 10) strictly control population growth. It is necessary to strive to control the population growth rate in the province at 10 per 1,000 within 1 or 2 years.

Comrade Mao Zhiyong stressed in his speech: We must regard further strengthening and perfecting of the agricultural production responsibility systems as the key cardinal link for consolidating the collective economy and developing agricultural production and seriously grasp it well. He said: Since the 3d Plenary session of the 11th Central Committee, and in the wake of the implementation of the 2 central documents on agriculture, the cadres and masses have emancipated their minds, acted boldly in practice and done a great deal of work to establish production responsibility systems. Over 95 percent of the province's production teams have now set up production responsibility systems of various forms. In general, there are two main types. About 60 percent of the production teams have instituted short-term work contracts with fixed remuneration, and about 40 percent have put work and production contracts into effect with remuneration linked to output. About one percent have put production contracts into effect based on the household or on the laborer. Generally speaking, the methods applied in most places are suited to local conditions and the masses' demands. We must now sum up our practical experiences in accordance with the spirit of the central document, constantly strengthen and perfect the production responsibility system and greatly improve the management of the collective economy.

On the question of instituting production contracts based on the household, Comrade Mao Zhiyong said: The collective is the unshakable foundation for advancing towards agricultural modernization. It possesses a superiority which the individual economy cannot possess. The experiences of history have proven that the small peasant economy certainly did not bring happiness to the peasants. The people's commune system of three-level ownership based on the production team is now basically stable in the province. Agricultural production has developed and the collective economy is relatively consolidated in the great majority of places. Hence, the attitude of the provincial CCP Committee is that, viewing the province as a whole, we do not need to nor should we institute production contracts based on the household. Production contracts based on the household does not constitute the future development orientation for the rural areas. The view that production contracts based on the household represents the requirement of the general trend of events and should necessarily be instituted is wrong.

The main efforts of the leaders at all levels should be concentrated on how to further consolidate and speed up the development of the collective economy. Production contracts and tasks based on the household can be instituted in remote mountain areas and poor and backward places, in production teams which have long had to rely on "three things" where production has developed little since the cooperatives were established, and where the masses have lost confidence in the collective and hence demand that production contracts be based on the household. This situation can be kept stable for a relatively long time to come.

Places permitted to institute production contracts based on the household must do so under leadership. They must not regard the affair as a gust of wind, treat all units the same way regardless of local conditions, strut and swagger and affect the situation as a whole. County CCP committees must make specific decisions on which production teams can institute this method in what form after conducting investigation and study and consulting the masses. Production teams which institute production contracts based on the household must uphold the six demands proposed in the central document. We must pay particular attention to strengthening ideological and political work, do a good job of work regarding those communes and brigades whose economic and management standards are in an intermediate state and avoid disrupting the overall situation on account of external influences.

During the conference, responsible comrades of the provincial CCP Committee Zhou Li, Sun Guozhi, Jiao Linyi, Wang Zigu and Ji Zhaoqing made speeches on the state of the province's industrial and agricultural production, rural work in the coming winter and spring, how to strengthen political and ideological work and organizational work, and other issues.

Wang Zhiguo's Speech

HK190528 Changsha Hunan Provincial Service in Mandarin 1100 GMT 18 Oct 80

[Summary] Wang Zhiguo, secretary of the Hunan Provincial CCP Committee and vice governor, made a speech on the current agricultural situation and the tasks for next year at the recent provincial conference of county CCP Committee secretaries. He pointed out: Agricultural production this year has suffered numerous natural disasters. The output of the spring--harvested grain and oil was reduced due to the prolonged drought of last autumn and winter. The long period of wet overcast weather in the spring delayed the transplanting of early rice, and in the summer there were serious floods in northern Hunan and drought in the south. "Judging by the current situation, the output of grain and cotton in the province will be somewhat less than last year. However, the grain output in some prefectures and municipalities has set new records." Increased development has been recorded among various items including ramie, sugarcane, aquatic products and pigs. "The total value of agricultural output and the peasants' average distribution level will be higher than last year."

Wang Zhiguo stressed: It is necessary to continue to work hard to boost grain production. In general, the sown area of grain should be kept stable. There must be great promotion of diversification, but it is necessary to handle the relationship between grain and diversification well. Increasing grain production is the foundation for promoting diversification. If grain production falls, it is very hard to develop diversification.

On rural work in the coming winter and spring, Wang Zhiguo pointed out: We must grasp strengthening and perfecting the agricultural production responsibility systems as the central task and make a thorough success of it. At the same time, we must do a good job of year-end distribution work and promote winter cultivation, water conservancy construction and other tasks. People in disaster areas must be helped to resume production and rebuild their homes. The province should also do a good job of agricultural zoning and direct elections at the county level.

ECONOMIST VIEWS ECONOMIC REFORM AT HONG KONG SEMINAR

HK170710 Hong Kong WEN WEI PO in Chinese 9 Oct 80 p 7

[Report on Xue Muqiao 8 October speech at "Seminar on New Development Trends in China's Economy": "In Reforming the Economic Management System, China Must Encourage the Development of Commodity Economy"]

[Text] Editor's note: Noted Chinese economist Xue Muqiao delivered a speech yesterday at the "Seminar on New Development Trends in China's Economy." The title of the speech was "China's Economic Development and its Prospects." Its review of China's economic development over the past 31 years was basically a repetition of the views put forward by the speaker in his latest work--"A Study of Problems in China's Socialist Economy"--and in an article which appeared in last year's October issue of HONGQI. In the part about future prospects, Mr Xue discussed the goal of achieving modernization in China by the end of this century, the reform of the economic management system, the utilization of foreign capital and the import of advanced technology from other countries. His deep insight into these questions deserves attention from all quarters. For reference, the following are excerpts of the part about future prospects. [end editor's note]

While carrying out the work of economic readjustment, it is also necessary for us to reform our economic management system. Old China was a semicolonial and semifeudal country with a low level of economic development, where the natural economy played a dominant role in the countryside and socialized mass production was not fully developed in the cities. Socialism built on such a basis can only be socialism of the Chinese type with a fairly low level of public ownership. In the past 30 years, we gained some successful experience in the socialist transformation of the relationships of agricultural production. However, we also learned our lesson--our overanxiousness to make the transition damaged agricultural productivity. In the 1950's, we imitated the experience of the Soviet Union in the management of industry and commerce owned by the whole people. Some of their experience was correct, but some was wrong. The main mistake was that they did not understand that socialist economy is a socialist commodity economy built on the basis of the public ownership of the means of production. They regarded socialist economy as an entity which could be placed under the centralized management of central planning organs. They did not recognize that enterprises and various economic bodies should have relative independence, that they must exchange their products as commodities through the market and must assume certain responsibility for their own profits and losses. In the past, we adopted the method of unified revenue and expenditure in financial matters and the method of establishing a state monopoly for the purchase and marketing of the products of private enterprises in production and circulation. These methods completely deprived the enterprises of their right of self-determination and their initiative. This is obviously detrimental to the sound development of the economy.

According to Marxist theory, socialist economy must be built on the basis of socialized mass production and socialized mass production is preconditioned by a fully developed commodity economy. In our country, the level of development of commodity economy in the countryside and of socialized mass production in the cities is still very low. Our economic management system must encourage the development of commodity economy and socialized mass production. To this end, we must fully make use of the role of the market which has established itself in the capitalist countries after more than 200 years of practice and is suitable for socialized mass production. Rather than leaving everything to the administrative organs, we should coordinate various economic activities through the market. Of course, socialist economy requires planned management. However, we must not simply rely on administrative orders to implement the state plans. Instead, we must be good at regulating production through market and ensure the all-round fulfillment of the plans through pricing, taxation and credit policies. This is what we meant by our much repeated talks these days about combining regulation by planning with regulation by the market and making full use of the role of the market under the guidance of plans.

The general orientation of our economic management reform is to bring about a change in the overcentralized state management system (both central and local) by enlarging the self-management rights of enterprises and the rights of their staff and workers to take part in management; to combine regulation by planning with regulation by the market instead of simply relying on planning to regulate production; and to run economic affairs mainly by relying on economic organizations and economic and legal means instead of mainly relying on administrative organizations and administrative means. We have been proceeding along this line in our reforms over the past year and more. The present overall plan of reform is just a tentative one. We are trying to work out a concrete plan, and this requires us to incessantly sum up experience in the course of practice. Of course, the minor reforms now underway are bound to generate conflicts with the existing economic management system. It is a good thing to expose the contradictions because this will make it easier for us to find out in which direction we should head (such as readjusting the unreasonable prices) and thus pave the way for a full-fledged reform.

The readjustment of the national economy and the reform of the economic system can markedly accelerate the production growth rate and increase economic results. However, in mapping out next year's plans, we decided not to take these favorable factors into consideration because the readjustment has not yet been completed and the restructuring has only just begun. In order to avoid the past mistake of more haste, less speed, the planned industrial growth rate for next year is still fixed at approximately 6 percent and that of agricultural production at approximately 4 percent. National income is allowed to grow by approximately 5.5 percent. This is a plan with ample leeway. We are positive we can overfulfill this year's industrial production plan. As for agriculture, it is still hard to tell whether output will be higher than last year's due to abnormal climatic conditions. Although agricultural production is not quite up to the mark, peasants' income may continue to increase as a result of the development of household and collective sideline production. Barring unforeseen difficulties, it is estimated that next year's industrial and agricultural growth rates will not be lower than this year's. In other words, the annual plans can be overfulfilled.

As everyone knows, we are now striving to achieve one goal--to complete the socialist modernization of the national economy by the end of this century. In the past 2 years, many of our comrades entertained the unrealistic hope of joining the front ranks of the world in every sector and area by the end of this century. This is impossible. Our country has a vast population and a poor foundation to start with. Our agricultural population accounts for 80 percent of the country's total, and economic development is extremely unbalanced. At present, our industry is approximately 20 years behind the most advanced countries, and agriculture is even more backward. Even within our country, the difference between the prosperous rural areas in the southeast and those particularly backward areas in the southwest and northwest is also very big. Sometimes the difference is in terms of centuries. It is obviously impossible for all provinces and counties throughout the country to join the front ranks of the world at the same time. Viewed as a whole, our country can only achieve a fair degree of modernization, that is, attain an economic level that is slightly higher than average. Vice Chairman Deng Xiaoping once told foreign guests that we are striving to attain a GNP of \$1,000 (current value) per capita by the end of this century. This target seems to be quite low. However, since our per capita GNP only amounted to around \$250 in 1979, we have to increase this by three times to hit the \$1,000 target. This is obviously not an'easy task.

According to the planned growth rate for 1980 and 1981, it will take 12 to 13 years to double the GNP. Thus, some people worried about how the \$1,000 target could be attained. It should be pointed out that the present planned growth rate is only for the period of readjustment. After the readjustment is completed, the growth rate for the national economy, especially for industrial production, can be accelerated. The reform of the economic system will also further liberate the productive forces and speed up the development of industrial and agricultural production. During the first 5-year plan period, national income registered an average increase of 8.9 percent each year, greatly surpassing the growth rate (7.2 percent) needed to double the amount in 10 years. Some people say that even in a normal year, the capitalist countries can only attain a growth rate of 5.6 percent, which is already very high and could not be higher. It should be pointed out that China is different from capitalist countries.

Their growth rate is restricted by market demand. Otherwise, many countries could attain an industrial growth rate of over 10 percent. China, with a population of close to 1 billion has a great market. At present, the overwhelming majority of products are in short supply. When more investment is made after the readjustment, people's income will increase markedly. By that time, even if industrial production registered an increase of 10 percent each year, it still could not satisfy domestic market demands. Thus, our country's production growth rate can surpass that of the capitalist countries.

Some people think that the \$1,000 per capita target is still very much lower than the existing level in Hong Kong and other places and can only be considered a low level. We should take into account the fact that China has a population of close to 1 billion, whereas an industrial and commercial city like Hong Kong has a population of less than 100 million [figure as published]. For a city with a population of 100 million, the per capita GNP will be much more than \$1,000, possibly over \$3,000. At present, the per capita GNP in Shanghai is already more than \$1,500. Moreover, our method of computing the national income is different. We do not include income from personal services. Our workers' wages are low, but the price, rent and other allowances they receive from the state are more than they get for their wages. By the time wages are raised to Hong Kong's present level, actual living standards will be much better than in Hong Kong now. The question is that the living standards for 70 to 80 percent of the population are still relatively low, and it takes quite some time to get rid of this phenomenon. When a small number of places have become prosperous, we should encourage them to invest in the interior of the country. In this way, the whole country can become well-off in a few decades.

In our modernization drive, we must bear in mind the fact that our country has a vast population and a poor foundation to start with but is rich in resources. With the exception of a few trades (such as the electronics industry), we must develop more labor-intensive industries and fewer technology-intensive (or capital-intensive) industries. In agriculture, some areas (such as the three northeastern provinces) can achieve mechanization at a faster pace. The majority of other areas where the level of mechanization is not high should concentrate on increasing output and should not blindly economize on manpower. Although some industries may be using the most advanced technology and some (possibly many) may be using modern technology, we still cannot do without semimechanized or manual labor. Even in a modernized country like the United States, manual labor is still used in some industries (such as the food industry). Obviously it is sheer illusion to hope that advanced technology can be adopted simultaneously in all sectors and areas in China. When modernization of the Chinese type is achieved, our scientific and technological levels and people's living standards will be much higher than they are now. The gap between us and the developed capitalist countries will be greatly reduced. We may even catch up with them in certain fields of science and technology.

Ladies and gentlemen, I think you are all concerned about how China will participate in international economic cooperation, make use of funds from abroad and import advanced technology from other countries. In the last couple of years, we have adopted an open-door policy and taken active measures to make use of funds from abroad and import advanced technology. What seems to be the trouble is, as I said before, that our country is now reducing the scale of economic construction to readjust the economic imbalances. Due to our lack of experience, we overextended ourselves in the use of foreign investments and in the importation of advanced technology in 1978. During the past year and more, we have signed more contracts with other countries than we can handle, and more negotiations for new contracts are still going on. As far as our energy supply, transportation facilities and managerial skills are concerned, we are at the present stage still not objectively prepared to accept foreign investment on a large scale. For example, the Baoshan iron and steel complex and several other petrochemical works which are presently under construction or are ready to commence construction may not be able to operate at full capacity after their completion due to the lack of raw materials or electricity supply. This will affect our ability to repay our debts and have an adverse effect on the use of large funds from abroad in the future.

Due to the aforesaid reasons, we can only adopt a steady policy in the use of foreign investments and in the importation of advanced technology. In the next 3 to 5 years, we should import more items that require less investment but can bring quick returns and earn foreign exchange, and fewer items that require heavy investment and take a long time to complete. We are forced to put off negotiations on some projects which are under discussion. Some foreign financial groups may have misgivings about this and find it disappointing. But as far as I know, the overwhelming majority of farsighted people in economics circles believe that our present policies are wise and show the realistic approach of the Chinese leaders. As for projects which could be agreed upon but are stalled due to excessive formalities under the present unreasonable management system, this is something which ought to be improved and which we are now striving to improve. As you all know, after being cut off from international intercourse for such a long time, many people in our country are not familiar with the practices observed in international economic cooperation. We also did not have a set of laws to guarantee this kind of cooperation. We are now working on it. It takes time to learn such skills, especially to formulate the necessary economic laws.

At present, there is an excessive supply of money in the international market and this problem cannot be solved within a short time. However, China is short of money and needs to make use of funds and technology from the industrially developed countries. From the long-term viewpoint, our cooperation has bright prospects and will do both sides a lot of good. China has a territory of 96 million square km and has rich resources. After the readjustment, industrial and agricultural production will develop at a much faster pace, the scale of construction will steadily expand and, under the guidance of new economic policies, the people's livelihood will greatly improve. By that time, we will be in a position to make wider use of foreign loans. China not only will be the world's biggest domestic market but may become the most promising market internationally. We hope that people of economic circles throughout the world, especially compatriots from Hong Kong and Macau, will see the bright prospects of China's economic development and, under conditions of equality and mutual benefit, develop ties of cooperation and have economic exchanges with us. We Chinese people always keep our word. We will never forget friends who help us in our modernization, nor will we treat them unfairly.

TA KUNG PAO Report

HK170845 Hong Kong TA KUNG PAO in Chinese 10 Oct 80 p 2

[Report: "Xue Muqiao Gives Summary Speech at Yesterday's Seminar on Chinese Economy"]

[Text] Xue Muqiao, adviser to the state planning commission, gave a summary speech yesterday at the closing session of the seminar on China's new economic development trends, organized by the Economic Information Agency [ching-chi-tao-pao-she]. He said that the restructuring of economic systems in China involved a radical change in the socialist economic management system--a change which was impossible to effect in 2 or 3 years and which would require at least 5 or even 10 years. However, to avoid blunders, a clear orientation, tested in practice, must be established at the start of the restructuring process so that we can proceed step by step.

Xue Muqiao said: On the basis of 30 years of experience in and lessons drawn from socialist economic construction, and after 2 years of exploration, this general orientation has been proved correct. However, whether it is totally correct has to be verified in practice, while specific policies have to be confirmed in practice.

Speakers at yesterday's seminar included Ji Chongwei, member of the Commission for the Administration of Imports and Exports and the Foreign Investment Commission, and Zhang Peiji, deputy director of the International Trade Research Institute of the Ministry of Foreign Trade. Ji spoke on "China's Use of Foreign Capital and Problems Relating to Economic Laws," while Zhang spoke on "Development of China's Foreign Trade and its Prospects." The afternoon session was devoted to answering the questions raised by the participants. Lastly, Xue made the summary speech.

Referring to the Chinese Government's current practice, which differs from its past emphasis on the need to publicize government policies by theoreticians, Xue called for a free airing of views before the government made its decisions. This contention, he noted, would allow the government to choose appropriate measures.

He said: "The economic management system to be implemented in China differs from the Soviet or Yugoslav type in that it integrates planned regulation and market regulation. It will thus be possible to achieve a balance in the areas of financial revenue and expenditure, credit loans, the supply and demand of commodities, and foreign exchange through state planning. As a result of the disproportionate development of the national economy, it is necessary for the state to divert funds to key projects and to put into effect the planned supply of oil, coal, food, cotton textiles and so forth. Products that can achieve a balance in supply and demand should not be rationed in order to allow consumers to purchase what they need at their own discretion. By permitting industrial and commercial departments to arrange for production and purchasing according to market requirements, the market forces can be regulated.

Xue went on: In China, where the development of the economy is very uneven, it would not work if only two economic systems--ownership by the whole people and collective ownership--were preserved. In order to build a multilayer economic structure consisting of state and individual ownership in which socialist public ownership predominates, both individual and joint public-private ownership along semisocialist lines should be included. He said: "Since we allow foreign capitalists to participate in joint ventures in China, why should we prohibit the staff of industrial and commercial enterprises from becoming shareholders of predominantly public-owned ones?"

Answering a question whether such practice would restore capitalism, Xue said: "As long as socialist public ownership (including ownership by the whole people and collective ownership) predominates, there is no fear of restoring capitalism. While we do not encourage a capitalist revival, capitalism is not something to be afraid of. Just a little of it is permissible since it is still not possible to eliminate capitalism altogether."

Xue said: "China's adoption of a multilayer economic structure may cause some confusion in the market. However, once control is strengthened, there will be nothing to fear. China has a powerful state-owned economy which is guided by state planning. It can formulate economic laws and it can use banks and price and taxation policies to regulate economic activities. Therefore, nothing will go wrong.

The restructuring of the foreign trade system is now under study, Xue said. On the one hand this involves the elimination of the monopoly practiced by foreign trade departments in the past so that domestic industrial and commercial enterprises will have access to the world market. On the other hand, along with the specialized corporations of the Ministry of Foreign Trade and under their leadership, efforts should be made to unite all export outlets and manufacturers of export commodities to engage in foreign trade.

At the end of his speech, Xue referred to Hong Kong as an important link for promoting China's economic ties with the world market. He said: Hong Kong will play an important role in modernizing China's national economy. Through Hong Kong's connection, China will be able to export more and more commodities and services to the world market. This will benefit everyone.

**END OF
FICHE**

DATE FILMED

10-21-80

